# KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

**Meeting of the Audit and Governance Committee**

**Thursday 25th September 2025**

**10:30am**

# AGENDA

# KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

# AUDIT AND GOVERNANCE COMMITTEE

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|---|---|---|
| Thursday 25th September 2025 at 10.30am | Ask for: | Kirsty Driver |
| Kent Fire and Rescue Service Headquarters,<br>The Godlands, Straw Mill Hill<br>Tovil, Maidstone, ME15 6XB | Telephone: | (01622) 692121 |

**UNRESTRICTED ITEMS**

*(During these items the meeting is likely to be open to the public)*

**A Routine Business**

A1. Election of Chair for 2025/26

A2. Election of Vice-Chair for 2025/26

A3. Chair's Announcements *(if any)*

A4. Membership Changes and Apologies for Absence

A5. Declarations of Interest in Items on this Agenda

A6. Minutes of the Audit and Governance Meeting held on 24th April 2025 *(for approval)*

**B For Decision**

B1. Annual Review of the Code of Corporate Governance 2025

B2. Corporate and Strategic Risk Update

B3. Internal Audit Annual Report for 2024/25

B4. Provisional Revenue and Capital Budget Outturn for 2024/25 – Summary

B5. Annual Governance Statement for 2024/25

B6. Annual Statement of Accounts for 2024/25 and Presentation

B7. External Auditors Final Audit Plan for 2024/25

B8. Chair of Audit and Governance Committee's Annual Report to the Authority

**C For Information**

C1. Mid-Year Treasury Management and Investment Update for 2025/26

C2. Internal Audit Progress Update for 2025/26

**D Urgent Business** *(Other Items which the Chair decides are Urgent)*

**E** **Exempt Items** *(At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public).*

Kirsty Driver - Clerk to the Authority

10th September 2025

*Please note that any background papers referred to in the accompanying reports may be inspected by arrangement with the Lead/Contact Officer named on each report.*

## KENT AND MEDWAY FIRE AND RESCUE AUTHORITY

MINUTES of the Meeting of the Audit and Governance Committee held on Thursday 24th April 2025, at Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone, Kent, ME15 6XB.

PRESENT: - Mr A Booth, Mr P Cole, Mr B Kemp, Mr V Maple, Ms J Meade, Mr J McInroy, and Mrs J Waterman (Independent Member).

APOLOGIES: - Mr N Collor, Mr D Crow-Brown and Mr M Hood.

OFFICERS:- The Chief Executive, Miss A Millington; Director of Finance, Mr B Fullbrook; Director Prevention, Protection and Customer Engagement, Mr J Quinn; Head of Finance, Treasury and Pensions, Mrs N Walker; Strategy and Risk Manager, Mr P Goodwin; Head of Policy, Dr O Thompson and the Clerk to the Authority, Mrs K Driver.

ALSO IN ATTENDANCE: - Ms H Ward the Authority's Deputy Monitoring Office; Ms L Taylor and Mr R Smith, Kent County Council (KCC) Internal Audit; Mr M Dean, External Auditor.

### UNRESTRICTED ITEMS

**1. Chair's Announcements**
*(Item A1)*

(1) In light of the upcoming elections, The Chair thanked all who have served on the Committee for their contributions.

**2. Membership**
*(Item A2)*

(1) There have been no membership changes to the Committee since the last meeting.

**3. Declarations of interest**
*(Item A3)*

(1) None to declare

**4. Minutes**
*(Item A4)*

(1) RESOLVED that:

(a) The minutes of the Audit and Governance Committee held on 29th January 2025 be signed as a true and correct record.

**5. External Auditors Indicative Audit Plan for 2024/25**
*(Item B1 – Report by M Dean, External Audit)*

(1) The Committee received the External Auditors Indicative Audit Plan for 2024/25, prior to it being presented to the Authority in April 2025.

(2) In response to questions from Mr Booth on where estimates for building and land valuations come from, The Director of Finance responded that they are from external valuers, however there is the opportunity to challenge where appropriate.

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(3) Mr Booth noted that it is disappointing to see the financial stability rated at amber, The External Auditor commented that this is the assessment for 2024/25 financial year and not 2025/26.

(4) Mrs Waterman queried whether the scale fee includes the IFRS16 fee or if this is in addition. It was confirmed that the IFRS16 fee is additional.

(5) RESOLVED that:

(a) the External Auditors Indicative Audit Plan for 2024/25, be approved.

**6. Accounting Policies and Accounting Estimates to be Applied by Management for 2024/25**
*(Item B2 – Director of Finance)*

(1) The Committee received the Accounting Policies and Accounting Estimates to be Applied by Management for 2024/25 for review.

(2) RESOLVED that: -

(a) The Accounting Policies and Accounting Estimates to be Applied by Management for 2024/25, be approved.

**7. Treasury Management Indicative Outturn for 2024/25**
*(Item B3* – Head of Finance, Treasury and Pensions*)*

(1) The Committee received the Treasury Management Indicative Outturn for 2024/25 for consideration.

(2) Mr Booth commented and expressed thanks for the excellent financial controls. The Chair agreed and also gave thanks to those responsible.

(3) RESOLVED that: -

(a) Treasury Management Indicative Outturn for 2024/25, be approved.

**8. Internal Audit Annual Plan for 2025/26 and the Audit Charter**
*(Item B4 – Presentation by R Smith – KCC Internal Audit)*

(1) The Committee received the Internal Audit Annual Plan for 2025/26 and the Audit Charter for review.

(2) Mr Booth questioned whether facilities management is internal or external. The Director of Finance confirmed it is internal.

(3) Mr Booth mentioned he was pleased to see the use of Black Box Thinking in the Audit Plan.

(4) Following a query from Mr Booth on whether mental health support to officers post incident is included in the audit or if this is still open for discussion, The Chief Executive suggested the option of an internal mental health audit. This is an area KFRS take very seriously and have carried out extensive work on. It was suggested an internal audit could help further improve work on the area. The Committee agreed with this idea.

(5) RESOLVED that: -

(a) The Internal Audit Annual Plan for 2025/26 and the Audit Charter be approved.

(b) Internal Audit Charter signed by Chief Executive, The Chair and The Chief Audit Executive.

**9. Internal Audit Progress Update for 2024/25**
*(C1 – Report by L Taylor – KCC Internal Audit)*

(1) The Committee was provided with an update on the completed internal audit reviews in 2024/25 for Members information.

(2) Mrs Waterman commented on the delay to Climate Change target. It was explained that this is due to the time and funds needed to replace the fleet.

(3) Mr Booth questioned when FS02 and FS06 will be ready and why there has been a delay with these. The Internal Auditor confirmed these should be ready in draft within the next 2 weeks. The delays for FS02 were attributed to awaiting information from 3rd party suppliers. The delays to FS06 are due to conflicting pieces of work.

(4) In response to a question from The Chair regarding the use if CO2 extinguishers in the Computer Comms Room and whether this is legally compliant, The Internal Auditors confirmed this is.

(5) Mr Cole queried whether the 'Medium' risk rating on page 141 of the report is a typing error. It was confirmed that this is an error and should say 'Low'.

(6) RESOLVED that:

(a) the contents of the report be noted

**10. Urgent/other business**

(1) The Chief Executive made comment on a new piece of work being undertaken in the near future. The recent audit has highlighted an issue in the organisation and accessibility of documents. Documents can be difficult to locate using the current system and often end up duplicated. An Information Architect will be recruited to undertake this piece of work. The work will involve making all documents easily accessible to everyone, removing duplicates so only the correct version exists and ensuring a well organised and structured system of document control going forward.

(2) RESOLVED that:

(a) This was noted. Further updates will be given in future meetings.

Item Number: B1

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| By: | Director of Finance |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | ANNUAL REVIEW OF THE CODE OF CORPORATE GOVERNANCE 2025 |
| Classification: | Unrestricted |

**FOR DECISION**

## SUMMARY

This report seeks Members' approval to the Authority's Code of Corporate Governance following its scheduled annual review.

## RECOMMENDATION

Members are requested to:

1. Approve the Authority's Code of Corporate Governance (paragraph's 1 to 5 and **Appendix 1** refer).

**LEAD/CONTACT OFFICER**: Owain Thompson - Head of Policy
**CONTACT DETAILS:** T: 01622 692121 | E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS:** None

## COMMENTS

### Code of Corporate Governance

1. As part of good governance arrangements, CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives and Senior Managers) recommend that local authorities develop their own code of corporate governance, which demonstrates how an authority's governance arrangements meet the seven principles of good governance as set out in the CIPFA Delivering Good Governance in Local Government Framework. These seven principles of good governance are themselves based upon the Seven Principles of Public Life (also known as the Nolan Principles).

2. Following the publication of this guidance by CIPFA and SOLACE in 2016, the Authority introduced its own code of corporate governance. In 2020, our Code of Corporate Governance was updated to ensure that it incorporated the requirements of new guidance contained within the CIPFA Financial Management Code (2019).

3. The scheduled annual review of the Code of Corporate Governance was undertaken in July 2025 to ensure that it remains current and continues to reflect the requirements of CIPFA's governance framework, including the new guidance published in May 2025 by CIPFA and Solace as an addendum to the 2016 guidance on the annual review of governance and internal controls.

4. This addendum is the first update of the guidance since its original publication in 2016 and replaces Chapter 7. However, the rest of the 2016 guidance and the seven principles of good governance remain unchanged, so continue to be listed in the same format in this year's copy of the Authority's Code of Corporate Governance.

5. As with previous years, the Code of Corporate Governance has been cross-referenced to the Authority's most recent version of the Statement of Assurance against the Fire and Rescue National Framework for England 2018 (which was approved by Members at the meeting of the Authority on 17 October 2024). This did not result in any changes to the content of the Code of Corporate Governance. Attached at **Appendix 1** is the Code of Corporate Governance for Members' approval.

## IMPACT ASSESSMENT

6. There are no financial impacts associated with this report.

## RECOMMENDATION

7. Members are requested to:

7.1 Approve the Authority's Code of Corporate Governance (paragraph's 1 to 5 and **Appendix 1** refers).

**Appendix 1**
**to Item No: B1**

# Kent Fire and Rescue Service Code of Corporate Governance
## July 2025

As part of good governance arrangements, CIPFA (the Chartered Institute of Public Finance and Accountancy) and Solace (the Society of Local Authority Chief Executives and Senior Managers) recommend that local authorities develop their own code of corporate governance, which demonstrates how an authority's governance arrangements meet the seven principles of good governance as set out in the CIPFA Delivering Good Governance in Local Government Framework and the addendum to this published by CIPFA and Solace in May 2025. These seven principles of good governance are themselves based upon the Seven Principles of Public Life (also known as the Nolan Principles).

Following the publication of this guidance by CIPFA in 2016, KFRS introduced its own code of corporate governance. In 2020, our code of corporate governance was further reviewed and updated to ensure that it incorporated the requirements of the guidance contained within the CIPFA Financial Management Code (2019).

In line with CIPFA guidance, the code of corporate governance sets out CIPFA's seven principles of good governance along with how we will meet and deliver these principles and where evidence of this may be found.

Through its basis on the Seven Principles of Public Life, the code also links to our Code of Ethical Conduct for Employees.

The Code of Corporate Governance is reviewed annually to ensure that it remains relevant and up to date. It is then taken to the Audit and Governance Committee for approval and published along with the Annual Governance Statement

**Reviewed:** 28 July 2025

**Date of next review:** 27 July 2026

| **Key Principle A:**<br>**Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.** | | |
|---|---|---|
| How do we meet this principle? | What do we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Ensure Members, employees and volunteers behave with integrity and act in the public interest in line with the Seven Principles of Public Life (the Nolan Principles).<br>• Set out clearly the ethics, values and behaviour standards and procedures expected of Members, employees and volunteers and officers, and take action where they are not met.<br>• Ensure, as far as possible, that suppliers, external service providers and partners adhere to these standards when delivering services on our behalf.<br>• Ensure adherence to laws and regulations and make proportionate use of the legal powers available to us to deliver our services.<br>• Ensure that employees are able to fulfil their responsibilities in accordance with statutory provisions.<br>• Establish arrangements for dealing with any breaches of law, corruption or misuse of power. | We:<br><br>• Set out the standards of behaviour expected of Members, employees, volunteers, employees and suppliers working with and for us.<br>• Have processes in place for reporting and investigating allegations of inappropriate behaviour.<br>• Have processes in place for dealing with breaches of the Members' and employees' code of conduct.<br>• Select our suppliers and partners carefully and ensure they are aware of and comply with the behaviour and standards we expect when working with us.<br>• Have arrangements for identifying and considering the impact of current and new legislation and regulation affecting our work.<br>• Have arrangements in place for deterring, detecting and investigating fraud, corruption, bribery and unethical practices, and for addressing cases where unacceptable practices are found. | We publish on our website:<br><br>• Our Code of Ethical Conduct for Employees, Code of Conduct for Members, Code of Ethics for Senior Managers, and our Suppliers' Code of Conduct.<br>• How to contact us if you are unhappy with our services or the behaviour of our employees, or if you suspect fraud or corruption within the Authority.<br>• Our contracts register listing our current suppliers, value and duration of contracts.<br>• Information about our policies relating to fraud, corruption and modern slavery.<br>• A modern slavery and transparency in supply chains statement.<br>• Our Speak Up Policy and accompanying guidance, including on whistleblowing (available upon request). |

| **Key Principle B**<br>**Ensuring openness and comprehensive stakeholder engagement** | | |
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| How will we meet this principle? | What will we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Provide a simple and accessible process for engaging with, and seeking information from us about our decisions, services and plans.<br>• Provide evidence and justification for our decisions and policies and make this information available.<br>• Engage and consult with communities and customers (internal and external) to ensure significant proposals for change are communicated and customers' views taken into account.<br>• Provide a simple process to encourage feedback from customers and consider this in our decision making.<br>• Establish collaborative working arrangements for service delivery where a good business case exists.<br>• Consider the impact on community risk when taking decisions on delivery of services. | We:<br><br>• Provide easily accessible means for contacting us via a range of methods including electronic and non-electronic methods.<br>• Comply with freedom of information legislation and publish frequently requested and statutory information on our website.<br>• Actively seek and consider feedback from customers, employees and partners about our plans and performance.<br>• Actively seek opportunities to work collaboratively with appropriate partners where it makes sense to do so.<br>• Publish information and data to support and validate our plans and objectives.<br>• Endeavour to ensure that our decisions are deliverable and sustainable for the medium to long term. | We publish on our website:<br><br>• Details of how you can engage with us about the development of services and comment on our plans and proposals.<br>• Information frequently requested under the Freedom of Information Act 2000<br>• Information required by the Local Government Transparency Code 2015 and Trade Union (Facility Time Publication Requirements) Regulations 2017.<br>• Guidance on how to make a freedom of information request or subject access request and how long it will take to process.<br>• A suite of privacy notices setting out the personal data we collect in order to provide our services, the lawful bases for collecting data, and how long we retain data for.<br>• Information and data to support our plans proposals and decisions.<br>• Our Customer Promise, which sets out what customers are entitled to expect from us. |

| **Key Principle C**<br>**Defining outcomes in terms of economic, social and environmental benefits.** | | |
|---|---|---|
| How will we meet this principle? | What will we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Set out our vision and aim for the Service, along with our plan and strategies.<br>• Provide updates on our progress in delivering our vision and aim.<br>• Identify and manage, as far as practicable, the key risks and threats to the achievement of our objectives.<br>• Ensure that our objectives are deliverable and sustainable with the resources available.<br>• Balance social, economic and environmental impacts in our decision making.<br>• Aim to design our services so they are tailored to meet all our customers' needs and are accessible to everyone.<br>• Act transparently in presenting our decisions related to our vision and aim. | We:<br><br>• Publish our plans and strategies for the Service.<br>• Publish updates on progress in delivering our targets and meeting our strategies.<br>• Identify and manage the key strategic risks to the delivery of our strategies.<br>• Identify the risks from fires and other emergencies and have appropriate plans to manage these risks.<br>• Set out our approach and strategy to equality, diversity and inclusion and apply this to our dealings with our customers.<br>• Manage our resources effectively to deliver optimum value and benefit for our customers. | We publish on our website:<br><br>• Details of our proposed plans and strategies and how you can feedback comments and suggestions on these.<br>• Responses to consultations that we run.<br>• Our vision and aim, and what we want to achieve across the areas of operational excellence, inclusion, wellbeing, and efficiency and value for money.<br>• Information and campaigns to help you stay safe in the home and protect yourself from fire and other risks.<br>• Our Community Risk Management Plan (CRMP), associated risk analysis and assessment and strategic priorities.<br>• Our Equality, Diversity and Inclusion Plan.<br>• Our external auditor's assessment of our accounts and the value for money we provide. |

| **Key Principle D:**<br>**Determining the interventions necessary to optimise the achievement of intended outcomes.** | | |
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| How will we meet this principle? | What will we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Open our performance and decisions to scrutiny by the democratically elected Members of the Fire Authority<br>• Consider any feedback from customers in assessing options for service change.<br>• Put in place a robust planning process that considers aims, resources and capacity and takes all other relevant factors into account.<br>• Produce a sustainable budget and financial plan to support our plans and objectives over the medium term.<br>• Consider the use of collaborative working as a means of delivering services where appropriate service improvements can be realised. | We:<br><br>• Consider the various options available for all our plans and objectives and explain the rationale for our decisions in publicly available documents.<br>• Actively seek and consider feedback and input from customers as part of our consultation and options appraisal process.<br>• Put in place effective project and programme management arrangements, operated by skilled and experienced employees to optimise the chances of successful delivery.<br>• Produce and publish a Medium Term Financial Plan (MTFP) that supports our plans and objectives and identifies the resources needed to deliver these.<br>• Demonstrate the financial sustainability and affordability of our plans.<br>• Actively seek to work collaboratively with partners where appropriate. | We publish on our website:<br><br>• Our CRMP delivery plan for 2025 to 2029 sets out the strategic priorities and actions required to address the risks and strategic challenges.<br>• Updates on the progress in achieving strategic priorities.<br>• How you can get involved in any consultation exercises we run about the development of our plans.<br>• Our responses to consultations we run.<br>• Our Budget Book, Medium Term Financial Plan, and financial strategies (Treasury Strategy, Capital Strategy, Reserves Strategy). |

| **Key Principle E**<br>**Developing the entity's capacity, including the capability of its leadership and the individuals within it.** | | |
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| How will we meet this principle? | What will we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Regularly review the Authority's activities and processes, to ensure they remain effective and fit for purpose.<br>• Engage with external partners where appropriate and beneficial to do so.<br>• Develop workforce and people plans that ensures sufficient employees with the necessary skills and knowledge are in place when needed.<br>• Put in place arrangements for managing the relationship between Members and officers, including clear written delegations to officers.<br>• Ensure Members and employees have the skills, knowledge, resources and support to fulfil their roles and responsibilities.<br>• Monitor and manage the performance of Members and employees in their roles.<br>• Support employees in managing their health and wellbeing. | We:<br><br>• Set out in our plans, the risks, issues and factors we face and our plans to address them.<br>• Develop workforce and people plans that set out our employee establishment requirements and plans for developing and training the workforce.<br>• Develop processes for working in collaboration with key partners and suppliers to deliver more effective services.<br>• Set out the constitutional documents of the Authority including arrangements for managing the relationship between Members and officers and the powers delegated to the Chief Executive.<br>• Provide all employees with constructive feedback on performance and opportunities for development and training needs.<br>• Provide access to effective training and development opportunities to help colleagues maintain and increase relevant role-related knowledge and skills.<br>• Put in place arrangements to assist employees manage their own health and wellbeing effectively and provide access to support and assistance when problems are experienced. | We publish on our website:<br><br>• Our aim, vision and objectives, and what we want to achieve across the areas of operational excellence, inclusion, wellbeing, and efficiency and value for money.<br>• Our future plans for the development of our services.<br>• Our Equality, Diversity and Inclusion Plan.<br>• Our Gender Pay Gap Report<br>• Our equal pay review<br>• Our constitutional documents, comprising: The Kent Fire Services Order, the Standing Orders, the Committee Terms of Reference, Scheme of Delegation of powers of the Chief Executive, Convention on Member and Officer Relations, our Code of Corporate Governance. |

| **Key Principle F**<br>**Managing risks and performance through robust internal control and strong public financial management.** | | |
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| How will we meet this principle? | What will we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Ensure risks are identified and managed effectively.<br>• Publish regular reports on performance and progress in delivering our objectives.<br>• Encourage robust challenge and engagement in developing our plans and objectives.<br>• Objectively assess the outcomes of plans and policies and address any deficiencies.<br>• Implement and monitor strong governance arrangements that ensure our objectives and policies are delivered and threats and losses are minimised.<br>• Ensure data, including personal data held, is secured, used and shared in accordance with the law and good practice.<br>• Ensure that financial resources are protected and used effectively including arrangements to prevent fraud and corruption. | We:<br><br>• Put in place, arrangements for identifying, assessing and managing the risks to the delivery of services and the achievement of objectives.<br>• Where appropriate to do so, consult with customers and partners on our intended plans and projects.<br>• Monitor and review the success of our plans and strategies to ensure delivery of planned outcomes.<br>• Maintain effective controls and systems to ensure the effective use of resources, the achievement of our plans and projects, and strong stewardship of the Authority including measures to prevent and detect fraud, crime, corruption, bribery and modern slavery.<br>• Maintain effective arrangements for the secure storage, use and sharing of personal data we hold in connection with the delivery of services.<br>• Ensure compliance with the relevant codes and highest standards of financial management to protect resources, ensure value for money and prevent losses and errors in accounting. | We publish on our website:<br><br>• Key strategic risks and our plans to manage these.<br>• Information about how we profile risk and the customer risk profile for Kent and Medway.<br>• Our Community Risk Management Plan (CRMP) and associated risk analysis.<br>• Details of our proposed plans and strategies and how you can feedback comments and suggestions on these.<br>• Responses to consultations that we run.<br>• Our aim, vision and objectives, and what we want to achieve across the areas of operational excellence, inclusion, wellbeing, and efficiency and value for money.<br>• An annual assessment of the systems and controls that ensure strong governance arrangements are in place across the Authority (the Annual Governance Statement).<br>• An annual assessment of our performance against the requirements of the Fire and Rescue National Framework (Statement of Assurance).<br>• Regular financial reports on the performance in delivering our budget. |

| | | |
|---|---|---|
| | | • Our annual audit reports on our statement of accounts undertaken by our external auditors.<br>• An annual report and mid-year progress report on the outcomes of internal audits.<br>• A modern slavery and transparency in supply chains statement.<br>• Our Anti-Fraud and Corruption Framework and information relating to fraud transparency. |

| **Key Principle G**<br>**Implementing good practice in transparency, reporting and audit to deliver effective accountability.** | | |
|---|---|---|
| How will we meet this principle? | What will we do to deliver this? | Where can you find evidence that shows that we deliver these commitments? |
| We:<br><br>• Operate an effective audit and review function that provides assurance on the effectiveness of controls and ensure that recommendations are implemented promptly.<br><br>• Publish statutory and commonly requested information on our website and put in place arrangements to enable easy access to other information requested.<br><br>• Encourage partners to adopt high standards of governance and transparency in their dealings with us.<br><br>• Publish an annual assessment of our governance arrangements and compliance with the Fire and Rescue National Framework.<br><br>• Ensure that statutory officers and the Head of Internal Audit have unfettered access to Members and are free to comment on policies and plans objectively. | We:<br><br>• Maintain an effective internal and external audit process and ensure auditors have free access to decision makers, including elected Fire Authority Members.<br><br>• Comply with the requirements to publish information on our website and include other commonly requested information and data.<br><br>• Establish a simple way of contacting us to request further information, data or assistance including receiving and responding to freedom of information requests and subject access requests.<br><br>• Support and encourage our partners to establish strong governance and control processes and support us in providing access to information and data in a timely manner.<br><br>• Regularly review our governance arrangements, taking into account external and internal assessments, and publish our results of these reviews.<br><br>• Enable the Section 151 officer, Monitoring Officer and Head of Audit to undertake their statutory and regulatory roles unhindered and report direct to members when necessary. | We publish on our website:<br><br>• Annual reports from our internal and external auditors.<br><br>• Mid-year internal audit updates and forthcoming internal audit plans.<br><br>• Reports from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)<br><br>• Information required by the Local Government Transparency Code 2015 and Trade Union (Facility Time Publication Requirements) Regulations 2017.<br><br>• Guidance on how to make a freedom of information request or subject access request and how long it we will take to process it.<br><br>• An annual assessment of the systems and controls that ensure strong governance of the Authority (Annual Governance Statement).<br><br>• An annual assessment of our operational performance against the requirements of the Fire and Rescue National Framework (Statement of Assurance). |

Item Number: B2

By: Chief Executive

To: Audit and Governance Committee – 25 September 2025

Subject: CORPORATE AND STRATEGIC RISK UPDATE

Classification: Unrestricted

**FOR DECISION**

**SUMMARY**

The Audit and Governance Committee last received an update on the Corporate Risk Register at its meeting on the 29 January 2025. Since then, work has been ongoing to enhance our approach to corporate and strategic risks. This report provides an update on this approach, aimed at improving risk mitigation and organisational resilience. Key developments include: a refreshed Risk Appetite Statement, a new Risk Tolerance Matrix, a Tier 2 Policy, and the introduction of a Risk Diagnostic tool.

**RECOMMENDATIONS**

Members are requested to:

1. Agree the refreshed Risk Appetite Statement in **Appendix 1.**
2. Agree the Risk Tolerance Matrix attached as **Appendix 2**.
3. Agree the Tier 2 Policy in **Appendix 3**.
4. Note the Risk Diagnostic Tool to be used in 2026 attached as **Appendix 4**.

**LEAD/CONTACT OFFICER:** Corporate Risk Manager - Paul Goodwin
**CONTACT DETAILS:** T: 01622 692121 / E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS:** None

## COMMENTS

### Background

1. Members last received an update on the Corporate Risk Register at the Audit and Governance Committee meeting in January 2025. Since then, we have continued to embed the refreshed approach to our corporate risk management process. We have researched approaches in other fire and rescue services and consulted with the Institute of Risk Management. Internal auditors completed an audit of our refreshed approach in March of this year, which was presented to Members on 24 April 2025.

### Outlining the approach to Corporate Risk Management

2. The Corporate Management Board determine and continuously assess the nature and extent of the principal risks that the organisation is exposed to, and is willing to take, to achieve its objectives – its risk appetite – and ensure that planning and decision-making reflects this assessment. The Audit and Governance Committee provide a scrutiny role in relation to highlighted risks and, as such, monitor the delivery of the action plans. Effective risk management underpins informed decision making, enhances organisational confidence in risk response, and ensures transparency in identifying and managing principal risks.

3. The Corporate Risk Manager oversees the risk management framework and works with colleagues to analyse risks and implement control measures. This includes the development and embedding of bow-tie analysis, a risk management tool which provides greater focus to identify risks, their causes and consequences, and appropriate control measures to mitigate these risks.

4. The revised Risk Appetite Statement, at **Appendix 1**, and Risk Tolerance Matrix, at **Appendix 2**, were developed with reference to the Government's Orange Book, and Institute of Risk Management guidance. As we have embedded the new approach to corporate risk, we have developed a new Tier 2 Policy, attached at **Appendix 3**.

5. We have also developed, for the first time, a risk diagnostic tool, at **Appendix 4**, which will be used in 2026 to assess our risk maturity.

## IMPACT ASSESSMENT

6. The Corporate Risk Manager regularly reviews each corporate and strategic risk with colleagues, both risk and control owners, to ensure each risk is either mitigated or minimised. These risks are regularly reviewed and overseen by the relevant Steering Group and the Corporate Management Board. These developments represent a

further significant step forward in strengthening the Service's risk governance, reaffirming the Authority's commitment to treating corporate risk as a key component of its governance framework.

**RECOMMENDATIONS**

7. Members are requested to:

7.1 Agree the refreshed Risk Appetite Statement in **Appendix 1**.

7.2 Agree the Risk Tolerance Matrix attached as **Appendix 2.**

7.3 Agree the Tier 2 Policy in **Appendix 3**.

7.4 Note the Risk Diagnostic Tool to be used in 2026 attached as **Appendix 4**.

**Appendix 1 to**
**Item No: B2**

## Risk Appetite Statement - Kent Fire and Rescue Service

1. This Risk Appetite Statement has been written with reference to: HM Government Finance Function - Risk Appetite Guidance Note, and the Institute of Risk Management's: Risk Appetite and Tolerance Guidance Paper. It is derived from Orange Book principles.

| **Definition of Risk Appetite** | |
|---|---|
| **ISO 31000/ Guide 73** | **BS31100** |
| The amount and type of risk that an organisation is willing to pursue or retain. | Amount and type of risk that an organisation is prepared to seek, accept or tolerate. |

### Why we need a risk appetite statement

2. Risk appetite statements outline optimal and tolerable positions. They are key enablers to communicating expectations and ensuring effective decision making. 'The Orange Book – Management of Risk, Principles and Concepts (2020)' advises that the Corporate Management Board determine and continuously assess the nature and extent of the principal risks that the organisation is exposed to and is willing to take, to achieve its objectives – its risk appetite – and ensure that planning and decision-making reflects this assessment. The Audit and Governance Committee provide a scrutiny role in relation to highlighted risks and monitor the delivery of the action plans. Effective risk management should support informed decision-making in line with this risk appetite, ensure confidence in the response to risks, transparency over the principal risks faced and how these are managed.

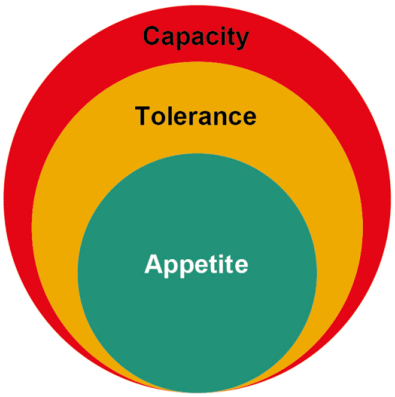
3. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the conscious determination of the organisation's risk appetite. Our view (in line with government guidance) is that public sector organisations cannot be culturally risk averse and be successful. Effective and meaningful risk management remains more important than ever in taking a balance of risk and opportunity in delivering public services - risk appetite is as much about 'enabling' risk as 'constraining' adverse risks. In addition, it is often not possible, nor financially affordable, to fully remove uncertainty from a decision or in the design and application of control activities. It is neither feasible, nor practical to fully prevent or mitigate all risks and some, which are beyond the stated appetite, might at times need to be tolerated and actively monitored.

4. Risk management is an integral part of good governance and corporate management mechanisms. Our risk management framework harnesses the activities that identify and manage uncertainty, allows us to take opportunities and manage risks, not simply to avoid them, and systematically anticipate and prepare successful responses. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses, is the conscious determination of the organisation's risk appetite.

5. Our risk appetite statement and risk tolerance matrix will be reviewed and agreed annually by the Corporate Management Board. The Audit and Governance committee will monitor and approve the effective development and operation of risk management in the Authority. Fig 1 describes the three concepts which we use in assessing risk when making decisions. This is supported by the risk tolerance matrix which guides consistent application of thinking for each decision.

   Fig 1:

| | |
|---|---|
| **Risk appetite** | The amount and type of risk that an organisation is **willing** to pursue or retain. |
| **Risk tolerance** | The acceptable degree of variability, or deviation from the expected level of risk that an organisation is **prepared to withstand**, in order to achieve its objectives. |
| **Risk capacity** | The **maximum level** of risk to which the organisation should/can be exposed. |



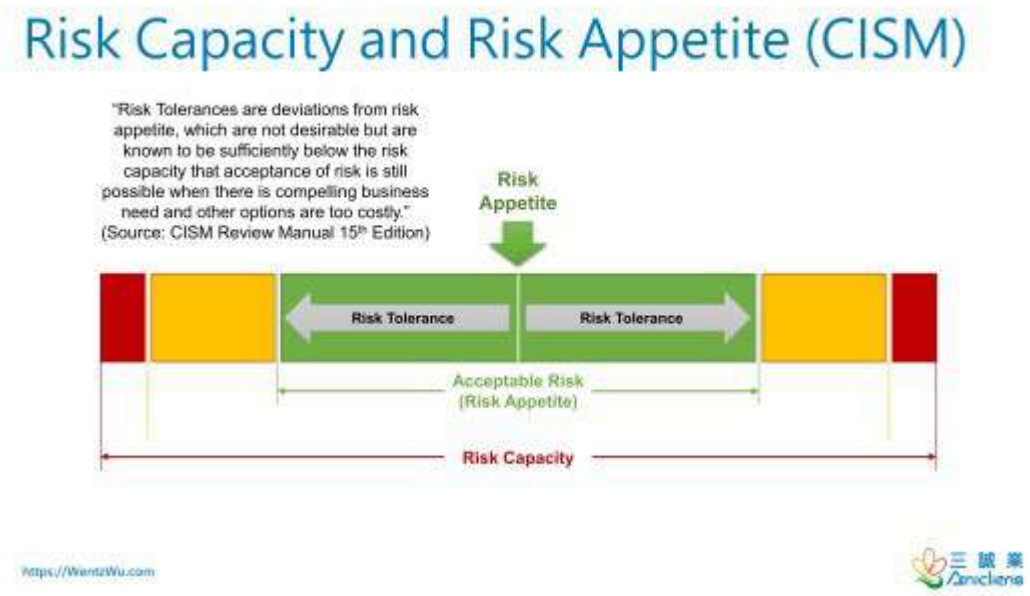

**Who is responsible for risk appetite?**

6. Implementing management of risk within an acceptable level of appetite is everyone's responsibility and needs to be addressed throughout the organisation, from managers through to the Corporate Management Board and Audit and Governance committee.

**Position in 2025**

7. The nature of our core services has a high degree of risk from lone workers to operational response in hazardous circumstances. We therefore approach risk in a controlled manner, being conscious of impact at all levels. The diagram below (Fig 2) describes the balance we must strike each day with operational response. Each key decision is assessed for risk and what we can do to mitigate it. In some cases, such as finances, we are cautious in approach, in other areas we are more tolerant of the risks. The risk tolerance matrix has five levels – Incidental, Minor, Moderate, Major, Extreme and these are used to judge where we can set the tolerance to new work and in managing risks.

Fig 2:


Risk Capacity and Risk Appetite (CISM)
"Risk Tolerances are deviations from risk appetite, which are not desirable but are known to be sufficiently below the risk capacity that acceptance of risk is still possible when there is compelling business need and other options are too costly."
(Source: CISM Review Manual 15th Edition)
Risk Appetite
Risk Tolerance
Risk Tolerance
Acceptable Risk (Risk Appetite)
Risk Capacity

8. We do this through fostering a strong culture and understanding of risk, so we can choose where to take, or tolerate, risks throughout the organisation. This is always based on good information or data. While our focus remains on protecting our customers, colleagues and volunteers, we make sure that the benefits of taking risks help us to innovate as efficiently as possible, reach our goals and achieve our strategies.

**Detailed appetite**

9. We recognise that the operational activities a fire and rescue service provide carry with them a level of risk that cannot be eliminated. We ensure that we have an organisational culture which empowers colleagues to carry out well-managed risk taking within the framework of sound policies and procedures. We use the risk tolerance matrix to judge appetite for risk and when we cannot go over that tolerance.

**Using the Risk Tolerance Matrix**

10. We use the factors of Service Delivery, Environment, Finance, Governance and Workforce, Information, and Property and the subsequent legal, reputational and safety impacts to judge our appetite for risk. The risk tolerance matrix sets out the tolerance levels.

11. **Service Delivery** – We accept moderate risks for our response and **business continuity**, acknowledging that certain risks, such as major incidents, cannot always be prevented.

12. The Corporate Management Board will, in the main, avoid the risk of potential disruption of services, and will plan for these risks. Our business continuity plans are exercised, tested and reviewed, so that we can be confident that the services critical to our

customers are maintained as far as is reasonably practicable. We recognise, however, that on some occasions we may need to tolerate a risk, e.g. industrial action as we need to make changes to our services which are not popular, so we manage change with as much involvement as we can to avoid the risk, and we have a clear plan should it happen.

13. Kent Fire and Rescue Service seeks to respect the **environment** through our work, and we attempt to bring Environmental, Social and Governance factors into our decision-making process to mitigate the risk of environmental and social damage.

14. When it comes to non-incident related activities, we will work to eliminate accident and injuries by ensuring that our processes are risk assessed and fully comply with Health and Safety legislation.

15. **Finance and Treasury Deposits** – We accept minor to moderate risks as recognition of when, not if, issues such as vehicle accidents etc. arise.

16. We take very seriously the importance of using public money in the right way and controlling these funds. Kent Fire and Rescue Service takes a cautious approach to investment decisions and aims to undertake a low level of risk whilst ensuring the security of the deposit, resulting in the best return possible. We are averse to fraud and corruption and ensure that we have robust controls and sanctions in place to detect and deter this type of behaviour. The Annual Governance Statement provides assurance that policies and procedures are in place to ensure robust internal control and strong public financial management.

17. **Governance and Workforce** – We accept moderate risks, acknowledging that certain risks, such as leadership changes, colleague availability, regulatory and guidance requirements and compliance challenges can affect the management and delivery of our services. We have robust governance and policy frameworks, including the Corporate Management Board, Strategic Leadership Board, People and Culture Steering Group, Policy Steering Group, continuous dialogue, and our corporate risk management process to mitigate these risks. We are committed to maintaining high standards of accountability, transparency and capability through continuous improvement, leadership development and strategic planning.

18. **Information** – We accept moderate risks to reflect the sensitivity of information and the increasing risk of a cyber-attack.

19. We recognise that our customers place a high degree of trust in our colleagues, who may have access to sensitive information or may be looked on by our customers to guide and support them when they are at their most vulnerable. It is therefore vital that we ensure our colleagues meet the highest standards of ethical conduct, which also includes the handling of personal and sensitive data. We take an approach to recruitment that seeks to find diverse talent, whilst ensuring we have safeguards in place to screen potential colleagues so we do not take on those that may breach that trust and confidence. When it comes to misconduct among our colleagues, we tackle

this robustly and hold individuals accountable against the code of ethics that we expect them to demonstrate.

20. We recognise that the risk of a cyber-attack is increasing and that Kent Fire and Rescue Service may be the target of such an attack, seeking to disrupt our services or exploit our data and resources. We take an adverse approach to information and data security risks and will ensure that we have the right training, culture, technical infrastructure and processes in place to mitigate this.

21. **Property** – we accept minor risks to our estate recognising that certain property risks such as flooding, or theft from our premises, cannot be completely eliminated.

22. We ensure that our estate is maintained in accordance with the Estate Development and Refurbishment Policy and that all statutory and mandated testing and inspections are completed and compliant. Insurance cover is in place, along with retained Health and Safety Advisors. Our Resilience Team also carries out security audits of our premises. In terms of repairs to our buildings, monthly reporting is in place to update on, and escalate, any issues of concern.

23. **Legally**, we do not knowingly operate outside of the law, and we take a risk adverse approach to behaving in a way that would give rise to a successful judicial review. Where legal boundaries are less clear, the Corporate Management Board is willing to accept the potential of minor legal action, although this must be resolvable within existing budgets. Where alternative options prevent us from delivering an effective response, a moderate financial loss of up to £100,000 would be tolerated to pursue our objectives, as would minor concerns regarding confidentiality of information or use of data.

24. As the fire safety regulator for Kent and Medway, we take a cautious approach to enforcing fire safety legislation. We follow guidance outlined in the regulators' code, working with businesses to achieve compliance, taking enforcement action where the risk requires the Authority to act to ensure the safety of occupants.

25. We have created a register of legislation, standards and guidance which affect us. This includes a brief description of what the legislation is about along with our assessment of compliance.

26. We recognise that the Service's **reputation** is crucial to its development. The Corporate Management Board will take a cautious approach to risks which would impact on this. We are willing to accept a low level of reputational impact with colleagues and customers, e.g. when making changes to services that are required to enable the service to function, but which may not be universally popular.

27. The Corporate Management Board has formally accepted the above risks and tolerance levels. These will continue to be monitored, along with the control measures to ensure that they remain effective and aligned with our organisational objectives.

| Document Audit Information | |
|---|---|
| **Senior Officer Accountable** | Paul Goodwin |
| **Authorised by** | Ann Millington |
| **Direct enquiries to** | Paul Goodwin |
| **Date Implemented** | 4 August 2025 |
| **Review by** | 30 June 2026 |
| **Amendments required to** | None |
| **Related documents [if any]** | Corporate Risk Register<br>Risk Tolerance Matrix<br>Risk Diagnostic<br>Tier Two Corporate Risk Management Policy |
| **Replaced documents** | Risk Appetite Statement April 2024<br>Risk Tolerance Matrix April 2024 |
| **Security classification** | Not protectively marked |
| **Version No** | 3 |
| **Version change summary** | 4 August 2025 |

**RISK TOLERANCE MATRIX – Kent Fire and Rescue Service**

**Appendix 2 to item No: B2**

| Risk Impact | Incidental | Minor | Moderate | Major | Extreme |
|---|---|---|---|---|---|
| **Business Continuity and Service Delivery** | Interruption which does not impact on our ability to continue to provide services to our customers, colleagues and volunteers, including minor IT disruptions with no effect on emergency response; delays in community engagement events, or training sessions. | Short-term disruption with minor impact on service delivery. These risks may include staff shortages in non-operational roles, minor delays in training, or temporary closure of non-essential property. These risks will not significantly impair our ability to fulfil our statutory duties or respond to emergencies. | While these will not immediately endanger customer, colleague or volunteer safety, or cause us to breach statutory duties, they can impact key services or operational delivery. These may include temporary unavailability of a fire appliance due to equipment failure, delayed response times due to system outage, or temporary loss of a key site. Business continuity plans may need to be invoked. | Significant disruption to ability to deliver emergency services, fulfilment of statutory duties, or operational resilience. These might include large-scale IT failure, sustained unavailability of fire stations or key appliances, prolonged industrial action, or loss of essential property. Managing these risks requires the activation of comprehensive business continuity plans. | Affect the ability to provide an operational response, the ability to fulfil statutory duties and protect life and property. These might include total IT failure, e.g. through a co-ordinated cyber attack; the loss of 999 call handling and mobilization; widespread and sustained industrial action with minimal operational cover, or the loss of multiple fire stations. Comprehensive business continuity plans will need to be activated with immediate involvement of senior leadership, along with the co-ordination of partner agencies and national/ government bodies to restore critical services. |
| **Environment** | Small environmental incident resulting in no environmental damage. | Minor environmental damage. Rectified from existing budgets. | Some environmental damage requiring the allocation of some resources to rectify. | Extensive environmental damage requiring significant resources to rectify. | Irreparable harm to the environment despite the use of significant resources to rectify, leading to legal, financial (in the form of fines) and reputational impacts. |

| | | | | | |
|---|---|---|---|---|---|
| **Finance and Treasury Deposits** | Negligible financial loss <£1k.<br>To be contained within existing budget. | Minor financial loss £1k - £10k.<br>Requires internal management action by Budget Manager to report to Corporate Management Board and progress any mitigating action. | Moderate financial loss £10k - £100k.<br>Budget Manager to report to Corporate Management Board and progress mitigating action.<br>Members to be informed if virement exceeds £50k. | Major financial loss £100k - £500k.<br>Budget Manager to report to Corporate Management Board.<br>Internal management action to be agreed for potential short-term reduction of reserves or major amendment of existing spending plans.<br>Members to be informed. | Severe financial loss £500k+.<br>Budget Manager to report to Corporate Management Board, with Members to agree proposed action for rectification.<br>May result in amendment of existing spend plans which will require Member approval.<br>Likely to result in a longer-term reduction to reserves. |
| **Governance and Workforce** | Occasional staffing shortfalls; short delays in reporting, which do not result in statutory breaches, safety compromises, or reputational harm. | Minor delays in reporting; administrative errors in governance records; minor inconsistencies in policies and procedures. These risks will not pose a significant threat to our customers, colleagues, volunteers and our objectives. | Recurring delays in governance reporting; temporary gaps in leadership roles; challenges recruiting and retaining staff; some employee relations issues requiring formal intervention. | Systemic failures in governance oversight; breaches of statutory duties; widespread industrial action; leadership misconduct; breakdown in workforce relations. | Sustained and deliberate breaches of statutory obligations; gross misconduct or corruption; systemic discrimination or harassment; complete breakdown of governance structures; large-scale workforce disengagement or resignation. |
| **Information** | Minor concerns regarding confidentiality or use of data, resolvable within day-to-day operations. | Potential breach of confidentiality or data protection. | Significant breach of confidentiality or breach of data protection legislation. | Serious breach of confidentiality with personal and/or sensitive data, or serious breach of data protection legislation. | Serious breach of confidentiality with potential for Identity theft. Will possibly be reported in the media. |

| | | | | | |
|---|---|---|---|---|---|
| **Property** | Reparable damage to property resulting in minor disruption to service delivery. | Short term interruption to delivery of services. | Disruption of services for up to one week. | Major concerns with security and safety of main Service buildings leading to significant disruption. | The security and safety of the main Service buildings are compromised. |
| **Legal** | Threat of minor legal action, resolvable within existing budgets. Minor internal breach. | Single minor case of legal action, requiring small additional budget. Reportable incident to regulator, no follow up. | Single moderate case of legal action or numerous minor cases. Report of breach to regulator with immediate correction to be implemented and threats of action if not resolved. | Single case of major legal action or numerous moderate cases, requiring significant resource. Breach of regulations leading to prosecution or fine. | Major case of legal action requiring extensive resource. Major breach, reportable to regulator, leading to prosecution/ fines and requiring major corrective action. |
| **Reputation** | Rumours - external reputation not affected, no media coverage. No impact on colleague turnover. | Minimal impact on external reputation. Little effort or expense required to recover. Minimal impact on colleague turnover. | External reputation damaged. Some effort and expense required to recover. Marked impact on colleague turnover. | Severe damage to external reputation. Adverse media coverage locally. Major impact on colleague turnover. Impact on Inspection rating. | Major reputational damage and adverse media coverage. Major stakeholder issues/ longer lasting community concerns. Severe impact on colleague turnover. |
| **Safety** | Adverse event leading to minor injury not requiring first aid. On-site exposure immediately contained. No long-term effects. | Minor injury or illness, requiring first aid treatment on site. On-site exposure contained after prolonged effect. | Significant injury requiring medical treatment. On-site exposure contained with outside assistance. | Major injury requiring medical treatment, and long-term incapacity and/ or counselling. Prolonged /major incident with serious casualties. | Death or a life changing injury/ major incident with fatalities. |

## Risk Tolerance Threshold

| Risk Impact | Level of risk the Authority are willing to take in pursuit of our objectives. Kent Fire and Rescue Service is willing to accept a risk where… | Will never accept a risk where… |
|---|---|---|
| Business Continuity and Service Delivery | Operational delivery and resilience are supported, strategic objectives can be achieved, and customer outcomes can be enhanced. There would be short-term disruption to service with minor impact on our customers, colleagues and volunteers. | The health and safety of our customers, colleagues or volunteers are seriously compromised; critical services could not be delivered; the Service's ability to sustain business continuity is seriously compromised, and core functions could not be recovered. |
| Environment | Minor environmental damage could result, which could be rectified from existing budgets. | The Service's activities cause irreparable harm to the environment |
| Finance and Treasury Deposits | There may be a moderate financial loss between £10k - £100k. | The Service's financial sustainability is seriously compromised. Expenditure significantly exceeds limits agreed by the Board |
| Governance and Workforce | It supports innovation, improves service delivery, or enables decision making in delivery of our objectives. This includes new ways of working and improving or streamlining governance processes. | The health and safety of our customers, colleagues or volunteers are seriously compromised. We will never accept a risk that undermines fairness, inclusion or wellbeing; or where the integrity of the service and its governance processes is compromised. |
| Information | Minor concerns regarding confidentiality or use of data, resolvable within day-to-day operations. | The Service is unable to guarantee the confidentiality of information. |
| Property | There would be potential disruption of services for up to one week. | The security and safety of the main Service buildings are compromised |
| Legal | There may be a threat of minor legal action, resolvable within existing budgets; or a minor internal breach of regulations. | The Service breaches its statutory responsibilities. Service activities are deemed to be unlawful. |
| Reputation | There will be a low level of reputational impact with some stakeholders where the Service's external reputation is not affected. | The Service's standing in the community or with partners is significantly compromised in the long-term. |
| Safety | There may be an adverse event leading to minor injury not requiring first aid. On-site exposure would be immediately contained. No individual would suffer long-term effects. | The health and safety of our customers, colleagues or volunteers are seriously compromised. |

**Appendix 3**

**To Item: B2**

# Corporate Risk Management Policy

| | |
|---|---|
| **Policy owned by:** | **Response and Resilience** |
| **Version 5** | **Tier 2 (Policy)** |
| **Policy applies to:** | **Employees, volunteers** |

## Introduction

Kent and Medway Fire & Rescue Authority (the Authority) provides services to a diverse range of people and organisations. It operates in a dynamic environment, increasingly under public and government scrutiny and against a background of new legislation and regulation requiring new and innovative ways of achieving its vision and its objectives. In such an environment it is essential that the Authority takes appropriate action to minimise the potential for disruption to services and to maximise the opportunities for innovation through the active management of risk.

This approach confirms the commitment of the Authority to developing a positive risk management culture by ensuring that due regard to the management of risk, both in the policy making process and in the management of the Service, is taken. It recognises that not all risks can be avoided, that some risks will always exist and, in many cases, are necessary to enable innovation and continuous improvement of services.

## Service Policy

The Authority will encourage a culture where the managed taking of risk, deemed acceptable to support the achievement of the Authority's stated objectives and targets and innovation in the delivery of services, is accepted. It will, however, put in place processes to ensure that such action as is necessary to mitigate the effect of those risks that materialise will be taken.

The principles of risk management will be incorporated into all key policy development and major project management processes to ensure that the threats to delivery are identified and managed.

There will be active management, monitoring and reporting of both strategic and corporate registered risks and their mitigating controls.

We are going to develop a Good Risk Culture. This means we have adopted and work to the following principles:

1. Distinct and consistent tone from the Authority's senior leadership.
2. Commitment to ethical principles.
3. Common acceptance of the importance of continuous management of risk.
4. Transparent and timely risk information flow.

5. Encouragement of risk reporting.
6. Risks understood despite complexity, obscurity or size of process or activity.
7. Appropriate risk-taking and mitigating behaviours rewarded and encouraged.
8. Risk management skills and knowledge developed, valued and encouraged.
9. Consistent and rigorous challenge.
10. Alignment of culture management with employee engagement and people strategy.

## Organisational aim

Risk management is an integral part of good governance and corporate management mechanisms. Our risk management framework harnesses the activities that identify and manage uncertainty, allows us to take opportunities and to take managed risks not simply to avoid them, and systematically anticipate and prepare successful responses.

## Relevant legislation

Account and Audit (England) Regulations 2015 (The Accounts and Audit Regulations 2015 (legislation.gov.uk)).
Bribery Act 2010.
Climate Change Act 2008.
Data Protection Act 2018.
Employment Rights Act 1996.
Environment Act 2021.
Environmental Protection Act 1990.
Equality Act 2010.
Finance Act 2023.
Government Orange Book(Orange Book - GOV.UK (www.gov.uk)
Health and Safety at Work Act 1974 (Health and Safety at Work etc. Act 1974 (legislation.gov.uk)
ISO 31000 Risk Management (ISO - ISO 31000 — Risk management)
Management of Health and Safety at Work Regulations 1999 (The Management of Health and Safety at Work Regulations 1999 (legislation.gov.uk)
Management of Risk in Government Framework (Management of risk in government: framework - GOV.UK (www.gov.uk)
Modern Slavery Act 2015.
Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017.
UK General Data Protection Regulation (GDPR).

## Linked Guidance (Tier 3)

*List of the underlying linked Tier 3 Guidance documents for this Tier 2 Policy* – **To be drafted.**

## Related Tier 2 Policies

Community Risk Management Policy.
Data Breach Policy.
Data Protection Policy.
Emergency Planning and Contingencies Policy.
Equality, Diversity and Inclusion Policy.
Financial Management Policy.
Financial Planning Policy.

Health, Safety and Environment Policy.
Health and Wellbeing Policy.
Information Technology Policy.
Learning and Competence Policy.
Modern Slavery Policy.
Policy Handling Policy.
Procurement Policy.
Risk Based Inspection Policy.
Risk Financing and Insurance Policy.
Supplier References Policy.
Severe Weather and Widespread Disruption Policy.
Supporting Gender Identity and Expression Policy.
Transparency Policy.
Working Together (Industrial Relations and Joint Consultation) Corporate Teams Colleagues Policy.

## Data Inputs and Controls

- Corporate Risk Register
- Risk Matrix
- Risk Appetite Statement
- Risk Tolerance Matrix
- Potential New Risk Identification form
- Bow Tie Analysis

## Document audit information

| | |
|---|---|
| **Senior responsible manager** | Corporate Risk Manager |
| **Authorised by** | Audit and Governance Committee |
| **Direct enquiries to** | Corporate Risk Manager |
| **Date first implemented** | 27 April 2023 |
| **Date of most recent approval (significant amendments)** | 18 November 2024 |
| **Review by** | 25 April 2027 |
| **People Impact Assessment** | 775 - Corporate Risk Management Policy V4.docx (sharepoint.com) |

| | |
|---|---|
| **Security classification** | Not protectively marked |
| **Version number** | 5 |
| **Version change summary** | 18/11/2024 (V5) Brought into new Tier 2 format.<br><br>25/04/2024 (V4) Refreshed to reflect new risk management process, new Job titles and Audit and Governance Committee approval.<br><br>New PIA drafted as link above. |

**Kent Fire and Rescue Service - Risk Culture Diagnostic**
**Extracts from the IRM risk culture aspects model scoreca**

| Compliance Scoring |
|---|
| Fully Compliant |
| Partially Compliant |
| Not Compliant |

| Tone at the Top | Auditor Questions | Expectations and Evaluations | Evidence | Compliance | Further Work | Completed |
|---|---|---|---|---|---|---|
| **Risk Leadership** | Is there a distinct 'tone at the top' from senior management as to the importance of risk management? If so, what does it feel like? | Senior management set clear expectations and strategic direction for risk management. | New corporate risk process was developed by Chief Exec/ Chief Fire Officer, with input from Institute of Risk Management. This was linked to the Community Risk Management Plan, which sets out the objectives of the Service. The new corporate risk process was presented to the Audit and Governance Committe by the Chief Exec/ Chief Fire Officer in April 2024, right at the start of the process.<br>Potential new corporate risks resulting from corporate projects or action plans are discussed with the Corporate Risk Manager before potentially being escalated to the Corporate Risk Register. | | | |
| | Is direction provided as to how risk management can contribute to the business objectives? | Managers throughout the organisation are clear on what is expected of them in terms of managing risks. | As above. | | | |
| | Is senior commitment consistent, visible and sustained over time? | Leaders role model risk management thinking and actively discuss tolerance to risk issues. | The Corporate Risk Manager meets individually with all members of the Corporate Management Board at least every quarter.<br>Corporate Risk Manager reports to Corporate Management Board every quarter.<br>Corporate Risk Manager reports to the Audit and Governance Committe twice per year. | | Risk appetite statement and risk tolerance matrix to be updated. Completed 4 August 2025. | |
| | Who is the executive sponsor of risk management? | Leaders demonstrate personal conviction. | The Chief Exec/ Chief Fire Officer and the Corporate Management Board. The Director of Response and Resilience is the line manager of the Corporate Risk Manager. | | | |
| | What tangible actions are visible from the executive sponsor? | Leaders ensure the focus of risk management efforts is focused on supporting the organisation in delivering its corporate | As lines 7 and 9. | | | |
| | | The messages are consistently delivered and senior management are visible on the issue of managing risk. | As line 9. | | | |
| | | There is a clear message and sense of direction which is actively reinforced. | Corporate Risk Manager is proactive discussing risks with Risk Owners, who are all members of CMB, and Control Owners. Meetings with Control Owners tend to be quarterly but are more frequent when required. However, more could be done to explain the corporate risk process service-wide. | | More could be done to explain the corporate risk process service-wide. This could potentially be done through Fire Futures or in a short online training video. | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 15 | **Responding to Bad News** | Do leaders encourage risk information and 'bad news' to be proactive and rapidly communicated up the organisation? | Senior management actively encourages management information related to risks to travel quickly across the organisation. | Quarterly meetings between the Corporate Risk Manager and members of the Corporate Management Board ensure that existing and new risks are discussed at regular intervals. These incorporate information provided by the Control Owners. | | | |
| 16 | | Are whistleblowers and those raising concerns supported and celebrated? | Transparency on risk information (positive or negative) is rewarded and role modelled. | Kent Fire and Rescue Srvice incorporates 'black box' thinking and a 'no blame' culture, ensuring that concerns can be diuscussed openly and transparently. | | | |
| 17 | | How are those transmitting the message treated afterwards? | Leaders refer to company values when responding to challenges. | Siginificant work has been put in by the Corporate Management Board, led by the Chief Exec/ Chief Fire Officer to embed the Code of Ethical Conduct. This is captured within the Code of Ethics Fire Standard, which has also been subject to an external peer review by Essex FRS.<br>Colleagues have signed the Code, and senior managers have signed the Senior Code of Conduct.<br>See line 15 about 'black box' thinking and no blame culture. | | | |
| 18 | | | Openness and honesty are recognised as key to effective risk communication. | See lines 14, 15 and 16. | | | |
| 19 | | | Those providing timely risk insights are rewarded and encouraged. | Corporate Risk Manager is pro-active in arraging meetings with Risk Owners and Control Owners as discussed above. All discussions are conducted in a positive manner, in line with 'black box' thinking and no blame culture discussed above.<br>Corporate Risk Manager is supported in pursuing | | | |
| 20 | **Governance** | **Auditor Questions** | **Expectations and Evaluations** | **Evidence** | **Compliance** | **Further Work** | **Completed** |
| 21 | **Risk Governance** | Accountability and ownership for managing specific [corporate] risks is clear. | Accountability for the management of key [corporate] business risks is absolutely clearly defined. | Both Risk Owners and Control Owners are listed on the Corporate Risk Register - for every risk. All Risk Owners are members of the Corporate Management Board.<br>As discussed above, individual meetings are held with Risk Owners and Control Owners, usually quarterly. Risks are also reported to Corporate Management Board quarterly, and Audit and Governance Board twice per year.<br>The Corporate Risk Manager's role is clearly defined in the relevant job description, which is saved on the Corporate Risk area of SharePoint. | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 22 | | Accountability and ownership for risk management as a process is clear. | Accountabilities for managing risks are aligned to the accountabilities for key business processes and corporate objectives. | As lines 7, 9 and 20. | | | |
| 23 | | How are these accountabilities documented and communicated? | The risk function has an active role in ensuring risk information is communicated and challenged. | Corporate Risk register includes the risk, raw score, current control measures, residual score, and whether further work is needed.<br>Target dates for the further work are also included and are monitored by the Corporate Risk Manager. Target dates are discussed with both Risk Owners and Control Owners.<br>All new risks require the completion of a Bow-tie analysis and a Potential New Corporate Risk form.<br>All new risks are included in the next update to | | | |
| 24 | | What communication and review structures are in place to ensure risk decisions are effectively reviewed? How does the risk function support the governance of risk within the organisation? | Risk accountabilities are captured within managers' role descriptions and performance targets. | As line 20.<br>In addition, the new risk process was subject to internal audit in February 2025, ten months after the process had been introduced. No areas of concern were recorded.<br>The Corporate Risk Manager has requested a further internal audit in 2026 to assess the new, amended, risk management papers, e.g. the amended Risk Appetite Statement. | | | |
| 25 | **Risk transparency** | Is risk information transparent and communicated appropriately up the organisation? | Risk information is communicated in a timely manner to those across the | See line 20. | | | |
| 26 | | Is strategic direction provided clearly by senior management on appropriate levels of risk taking? | Risk information is provided in a meaningful format that can be absorbed and acted upon by leaders. | See lines 13, 14, 20 and 22. | | | |
| 27 | | Is appropriate and successful risk taking celebrated and role modelled across the organisation? | Where appropriate risk taking is successful, success is widely shared and learnt from. | This relates to operational and project risk rather than Corporate Risk.<br>KFRS conducts debriefs when appropriate following operational incidents.<br>Strategic Leadership Board discusses projects. | N/A | | N/A |
| 28 | | Does the organisation actively learn from adverse events and situations where risks were not appropriately managed? | Where risk taking is less successful, learning is extracted from these events and shared in an appropriate manner. | As line 26.<br>KFRS also has an Operational Learning Tracker, which can be used following debreifs, incidents or where colleagues have suggestions for improvement. | N/A | | N/A |
| 29 | **Competency** | **Auditor Questions** | **Expectations and Evaluations** | **Evidence** | **Compliance** | **Further Work** | **Completed** |
| 30 | **Risk Resources** | Does the risk function have the access to senior management to deliver its remit? | The risk function: | See below. | N/A | | N/A |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 31 | | Does the risk function have the credibility across the organisation to deliver its remit? | - Has defined remit and scope of operations | This is clearly defined in the Corporate Risk Manager job description, but also in the supporting risk papers. | | | |
| 32 | | Does the risk function have the resources required to deliver its | - Is clear on its strategic objectives and purpose. | As line 30. | | | |
| 33 | | Is the risk function encouraged to facilitate discussions on key risks? | - Builds and sustains relationships across all parts of the organisations with business leaders. | As lines 9, 13 and 14. | | | |
| 34 | | Is the risk function supporting in challenging decisions related to key risks? | - Has the support of leaders in meeting its remit and objectives. | Corporate Risk Manager has continuous dialogue conversations with Director of Response and Resilience and Chief Exec/ Chief Fire Officer. And as lines 9, 13 and 14. | | | |
| 35 | | | - Is seen as a valuable facilitator of decision making and source of expertise. | As lines 9, 13 and 14. | | | |
| 36 | | | - Has evaluated its resource and skills needs to meet these objectives. | Corporate Risk Manager has continuous dialogue conversations with Director of Response and Resilience and Chief Exec/ Chief Fire Officer. Corporate Risk Manager is pro-active with CPD, completing IRM and Alarm courses, online and in person, attending conferences and webinars. | | | |
| 37 | | | - Effectively administers and owns an effective risk management framework. | See line 23 re:internal audit of Corporate Risk process in February 2025. | | | |
| 38 | | | - Is able to challenge how risks are being managed when appropriate. | As lines 9, 13 and 14. | | | |
| 39 | **Risk Competence** | Is it recognised that risk competence and capability are key assets within the organisation? | A structure of risk champions has been developed across the organisation to support managers in better managing risks | See line 13. There are no risk champions across the organisation. | | More could be done to explain the corporate risk process service-wide. This could potentially be done through Fire Futures or in a short online training video. | |
| 40 | | Are internal controls seen to rely on a high degree of risk awareness within the organisation? | Leaders support those who invest time in building skills in managing risk. | See line 35. | | | |
| 41 | | Is a specific competency 'concern for risk'/'risk awareness' defined and tracked through the performance management process? | Structured programmes are in place to support those seeking awareness, training and competency building in risk management. | See line 13 and line 38. | | More could be done to explain the corporate risk process service-wide. This could potentially be done through Fire Futures or in a short online training video. | |
| 42 | | How are risk skills encouraged and developed? | | See line 35. | | | |
| 43 | **Decision Making** | **Auditor Questions** | **Expectations and Evaluations** | **Evidence** | **Compliance** | **Further Work** | **Completed** |
| 44 | **Risk Decisions** | Is risk information transparent to decision makers in a timely manner? | Leaders seek out and demand quality risk information as part of decision-making processes. | As lines 9, 13 and 14. | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 45 | | Is it possible to determine what boundaries and risk appetite criteria decisions are being made within? | The business' willingness to take on risks is understood and communicated. | As line 9. There is a suite of supporting corporate risk documents; however, it is good practice to update these after the new process has been adopted for one year. These documents will be refresehed in 2025. | | All supporting corporate risk documents to be updated in 2025. | |
| 46 | | Is it possible to see how risk has been integrated into key decision-making? | Risks are evaluated in the context of the nature of business opportunities being considered. | This is part of the Community Risk Management Plan process rather than Corporate Risk Management. The CRMP is supported by data, where appropriate and consulted on internally and externally.<br>However, all potential new corporate risks are assessed using a bow-tie analysis and Potential New Corporate Risk form. These are saved in the Corporate Risk area of Sharepoint. | | | |
| 47 | | | It is possible to see a 'watermark' of risk awareness in key decision-making. | All potential new corporate risks are assessed using a bow-tie analysis and Potential New Corporate Risk form. These are saved in the Corporate Risk area of Sharepoint. | | | |
| 48 | **Appropriate Risk Taking** | Are appropriate risk taking behaviours rewarded and encouraged? | Leaders are supportive of those actively seeking to understand and manage major risk | As lines 9, 13 and 14. | | | |
| 49 | | Are inappropriate or unbalanced risk behaviours (overly risk aversion, overly risk seeking) challenged and sanctioned? | The performance management process is actively used to reward appropriate risk taking and to challenge inappropriate risk behaviours. | There are four lines of defence to check inappropriate risk taking for the Corporate Risk management process: regular, separate, discussions are held between the Corporate Risk Manager and risk owners, and control owners. The Corporate Risk Manager also reports regularly to CMB, and twice per year to the Audit and Governance Committee. | | | |
| 50 | | How are appropriate behaviours valued and nurtured? | Risk awareness is recognised as a key risk management competency and is incorporated within leadership selection and development criteria. | For the Corporate Risk Management process, as opposed to programme and project risks, and opoerational risks, this is only relevant to the Corporate Risk Manager, who is responsible for his CPD, which he discusses as part of continuous dialogue with his line manager. | | | |
| 51 | | Is risk management competency specificly included in role descriptors and performance targets through the performance management process? | | For the Corporate Risk Management process, as opposed to programme and project risks, and opoerational risks, this is only relevant to the Corporate Risk Manager, who is responsible for his CPD, which he discusses as part of continuous dialogue with his line manager. | | | |

Item Number: B3

| | |
|---|---|
| By: | Director of Finance |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | INTERNAL AUDIT ANNUAL REPORT AND AUDIT OPINION FOR 2024/25 |
| Classification: | Unrestricted |

**FOR DECISION**

**SUMMARY**

The Accounts and Audit Regulations (England) 2015 require the Authority to maintain an adequate and effective Internal Audit process and as such this is provided by Kent County Council under a Service Level Agreement.

The Professional Internal Audit Standards require the Head of Internal Audit to provide an annual opinion to Members on the adequacy and effectiveness of the Authority's framework of governance, risk management and control. The Internal Auditor's annual opinion is largely informed by work undertaken as part of the Internal Audit Plan for the 2024/25 financial year. Their opinion also considers the results of audits for the previous two financial years, and the subsequent follow-up work undertaken.

Attached to this report is the final Internal Audit Annual Report for 2024/25 for Members to review. The Chief Audit Executive will be presenting this report at the Audit and Governance Committee meeting.

**RECOMMENDATIONS**

Members are requested to:

1. Approve the 2024/25 Internal Audit Annual Report (paragraphs 4 to 10 and **Appendix 1** refer);

**LEAD/CONTACT OFFICER:** Director of Finance – Barrie Fullbrook
**CONTACT DETAILS**: T: 01622 692121 | E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS**:

Internal Audit Progress Update for 2024/25 – 24 April 2025
Internal Audit Mid-Year Update for 2024/25 – 29 January 2025
Internal Audit Mid-Year Update for 2024/25 – 6 November 2024

## COMMENTS

### Background

1. Section 5 of the Accounts and Audit Regulations (England) 2015 requires the Authority to undertake an adequate and effective internal audit of its risk management, control, and governance processes. The Authority discharges its Internal Audit function under a Service Level Agreement to Kent County Council (KCC). Annually the Head of Internal Audit provides an opinion on the adequacy and effectiveness of the Authority's Framework of Governance, Risk Management and Control. The annual opinion presented in the report is largely informed by work undertaken as part of the Internal Audit Plan for 2024/25 but also considers the subsequent follow-up work undertaken for audits of the previous two financial years.

2. The Head of Internal Audit's opinion is one of the key independent means of assurance available to Members in discharging their role of overseeing the internal control processes implemented by officers and ensuring that a sound system of governance of the Authority's business is in place.

3. The assurance given on individual audits is at the time of issue of that report, but before full implementation of any agreed management action plan. The Authority maintains its own internal follow-up process for audits with assurance levels of "Adequate" and above which are then reviewed by Internal Audit and verified, if necessary, prior to being closed. Internal Audit however undertake full follow-up reviews for all 'limited' and 'no' assurance audits**.**

### The 2024/25 Internal Audit Annual Report

4. The Internal Audit Annual Report for 2024/25 is attached at **Appendix 1** for Members to review and agree. The Chief Audit Executive will attend the Audit and Governance Committee to present this report.

5. In line with the 2024/25 Internal Audit Plan, there have been eight compliance audits completed during the year. This has resulted in three high, four substantial and one adequate opinion. Based on their resultant action plans, Internal Audit have evaluated the audits as follows: four audits obtaining 'very good' prospects for improvement and four obtaining 'good' prospects for improvement.

6. All internal audit actions for the 2024/25 audit year have been logged and are managed via the Authority's internal Action Tracker system. This ensures all actions are regularly monitored and progressed in an efficient way, enabling a speedier sign off by Internal Audit in many cases. There were thirteen medium-priority actions due for implementation, of which eleven have been completed, and the remaining two are in progress but not yet due for completion. There was one high-priority action due for implementation and this has been completed.

7. The overall opinion for 2024/25 is ‘Substantial’, meaning the Authority’s arrangements for securing governance, risk management, and internal controls have largely been assessed as suitably designed and applied effectively. The few matters that require attention do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.

**Counter Fraud**

8. During 2024/25, the KCC Counter Fraud Team undertook a survey to determine the level of fraud awareness within KFRS. The results of the survey will inform the implementation of fraud workshops for KFRS colleagues later this year.

**Conformance with Public Sector Internal Audit Standards**

9. Conformance with Professional Internal Standards is mandatory for all public sector internal audit functions. The Standards require Internal Audit functions to maintain a Quality Assurance and Improvement Programme (QAIP), which should include both internal and external assessments of compliance against the Standards. An External Quality Assessment (EQA) of Internal Audit Services was completed in early 2021 by an independent assessor of which all twenty-one actions identified have been implemented. An EQA will be sought to be undertaken during 2025/26, aligning with the required five-year assessment cycle. An internal self-assessment has been completed in 2024/25 and confirms that all internal audit work has broadly been conducted in accordance with the Standards. There are currently seven standards in which there is partial conformance which have action plans in place to address ahead of the EQA in 2025/26.

10. The Institute of Internal Auditors’ (IIA) Global Internal Audit Standards has recently been updated, with compliance required by 9th January 2025. A self-assessment against the new standards was completed and the outcomes from this self-assessment were reported to committee in January 2025. Internal Audit can confirm that all areas of non-conformance have been addressed, and work is now being undertaken to address the areas of partial conformance.

**IMPACT ASSESSMENT**

11. Sufficient resources were available to enable the programme of work to be delivered in 2024/25. The annual internal audit opinion provides Members with assurance that the Authority has robust internal control processes in place.

**RECOMMENDATIONS**

12. Members are requested to:

12.1 Approve the 2024/25 Internal Audit Annual Report (paragraphs 4 to 10 and **Appendix 1** refer).

# Kent and Medway Fire and Rescue Authority

## Internal Audit Annual Report 2024-25

## September 2025

Author: Russell Smith, KMFRA Chief Audit Executive

Russell.smith@kent.gov.uk

03000 416707

QA: Jonathan Idle, KCC Head of Internal Audit & Counter Fraud

# 1. Purpose and Background

1.1 The Annual Report provides a summary of the work completed by the Internal Audit service during 2024-25.

1.2 Professional standards require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance, to support the Authority's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:

- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework.
- A summary of the audit work from which the opinion is derived.
- Any issues which the Head of Internal Audit judges relevant to the preparation of the Annual Governance Statement.
- A comparison of the work undertaken, with the work that was planned.
- A summary of the performance of the Internal Audit function against its key performance indicators.
- A statement of conformance with professional standards.
- The outcomes from the Internal Audit Quality Assurance and Improvement Programme (QAIP).
- Disclosure of any qualifications to the opinion, with justifications.
- Disclosure of any impairments or restrictions in scope.

1.3 The purpose of this report is to satisfy these requirements.

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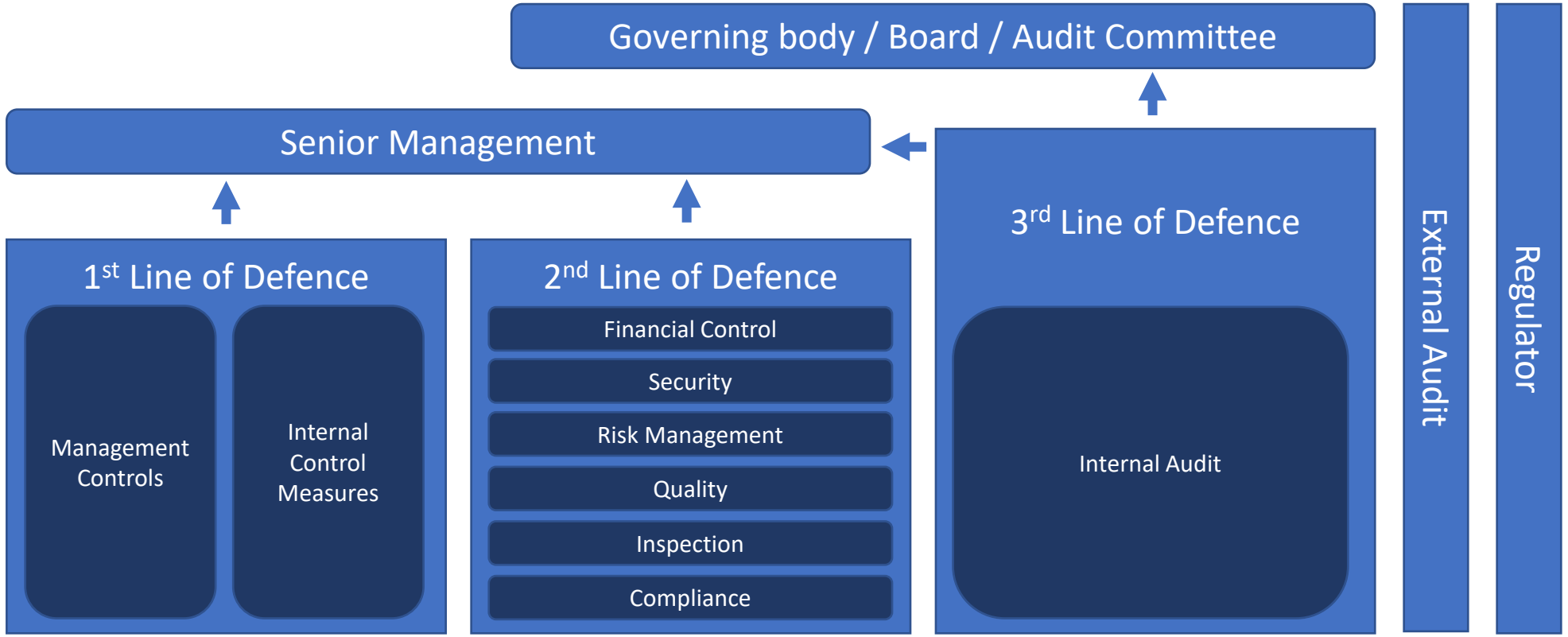
1.4 The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines of Defence Model:

**Figure 1: Three Lines of Defence Model:**





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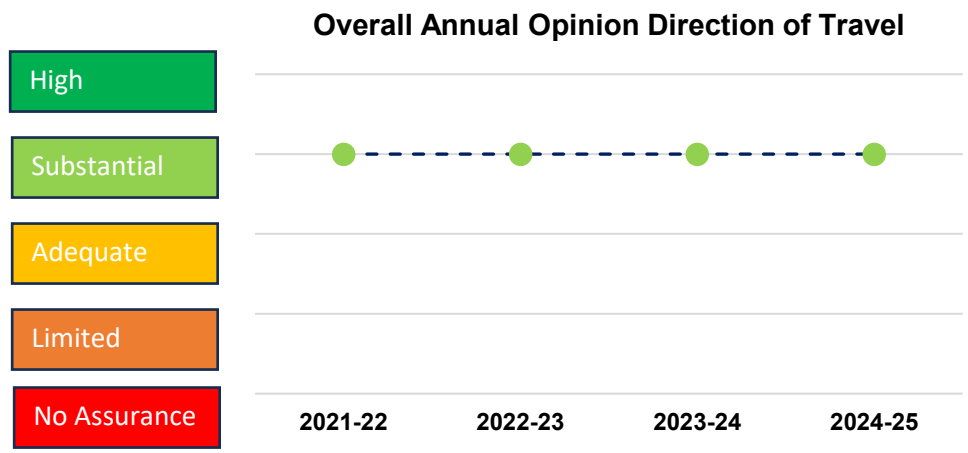
# 2. Annual Opinion

### Overall Assurance and Opinion

2.1 Internal Audit concludes that '**Substantial**' assurance can be assigned in relation to the Authority's corporate governance, risk management and internal control arrangements. It should be emphasised that the assignment of an overall "Substantial" assurance opinion in 2024-25 is consistent with the overall opinion since 2019-20. There are no significant matters which need to be included within the Annual Governance Statement.




2.2 This opinion is derived from the findings, conclusions and assurances from the work undertaken by Internal Audit during 2024-25 and the progress to implement agreed actions from previous audit reviews. Furthermore, our opinion acknowledges that there have been no instances of material internal or external fraud detected or reported during 2024-25.

2.3 The ability of Internal Audit to remain independent is fundamental to the robustness of the opinion provided. There has been no impairment to our audit work and reporting during 2024-25.

2.4 Members are reminded that they can contact Internal Audit directly for further information on any audit or to discuss any other matter. Contact details are given at the front of this report.

2.5 The opinion is also based on the evaluation of the implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports in which KMFRA continue to address these in a timely fashion.

2.6 No incidences of material external or internal fraud have been detected or reported and there was positive external assurance that the Authority has effective arrangements in place to manage the risk of fraud.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2.7 Internal Audit aims to add value and continues to work collaboratively with stakeholders, senior management and the Audit and Governance Committee to improve governance and internal control arrangements via identifying improvements such as:

- Auditing what matters and revising areas of coverage to reflect new risks and assisting the organisation in times of challenge;
- Help the Authority look back and learn from experiences with clear and targeted reports;
- Highlighting emerging risks that require monitoring and managing;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls,
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Promoting and delivering on the ethos of talent management and development of members of the service;

2.8 There have been no limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed.

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# 3. Summary of Internal Audit Work 2024-25

## Delivery Against the Internal Audit Plan

3.1 Details of delivery against the 2024-25 Internal Audit Plan including amendments and changes are detailed in **table 3**.

## Assurance Opinions from Audit Assignments

3.2 Assurance levels are assigned to completed risk-based audit reviews based on the criteria in **Appendix E**. For the 2024-25 Audit Plan, a total of 8 audit engagements were undertaken all of which were opinion based and the assurance levels assigned are set out in **Appendix E**.

3.3 Overall, 88% of systems or functions have been assigned with "Substantial" assurance or higher. This represents a minor decrease in the assigning of "Substantial" assurance opinions in 2024-25 and remains comparable to the previous opinions from 2023-24 as illustrated in **Table 1**.

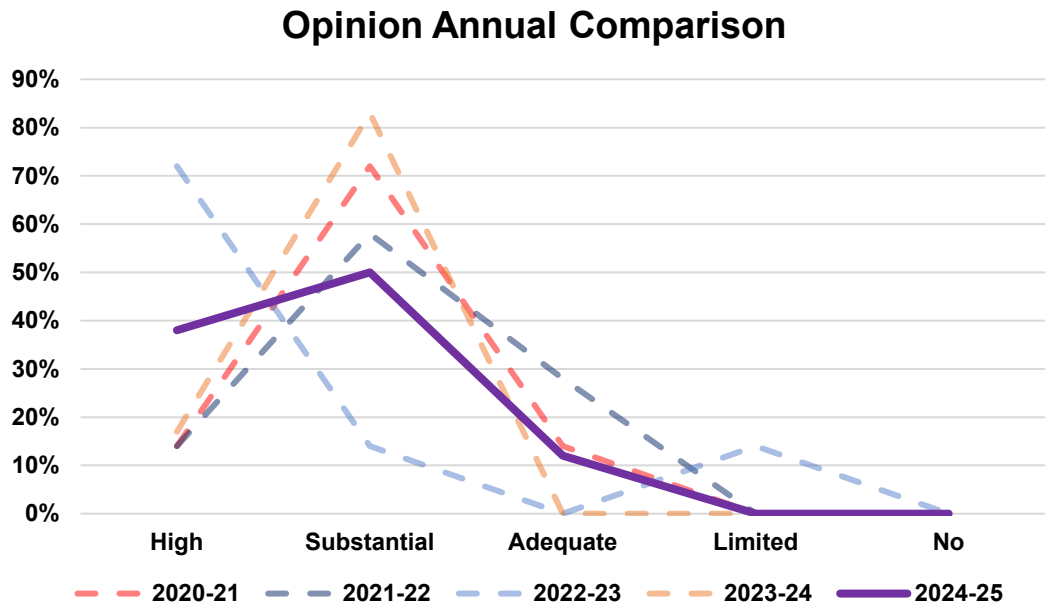


**Table 1: Summary of Assurance Opinions 2020-21 to 2024-25**

| Assurance Level | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|
| High | 14% | 14% | 72% | 17% | 38% |
| Substantial | 72% | 58% | 14% | 83% | 50% |
| Adequate | 14% | 28% | 0% | 0% | 12% |
| Limited | 0% | 0% | 14% | 0% | 0% |
| No Assurance | 0% | 0% | 0% | 0% | 0% |
| Substantial or Above | 86% | 72% | 86% | 100% | 88% |


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3.4 Detailed summaries on the outcomes from Internal Audit work completed for 2024-25 Audit Plan have been reported in Progress reports to the Audit and Governance Committee throughout the year.

## Prospects for Improvement

3.5 On the conclusion of each audit assignment, an assessment of the prospects for improvement is provided in the respective audit report. This is based on the criteria set out in **Appendix E**.

3.6 Overall, 100% of systems or functions have been assessed as having good, or better, prospects for improvement. This is an increase from the previous audit year, as illustrated in **Table 2**:

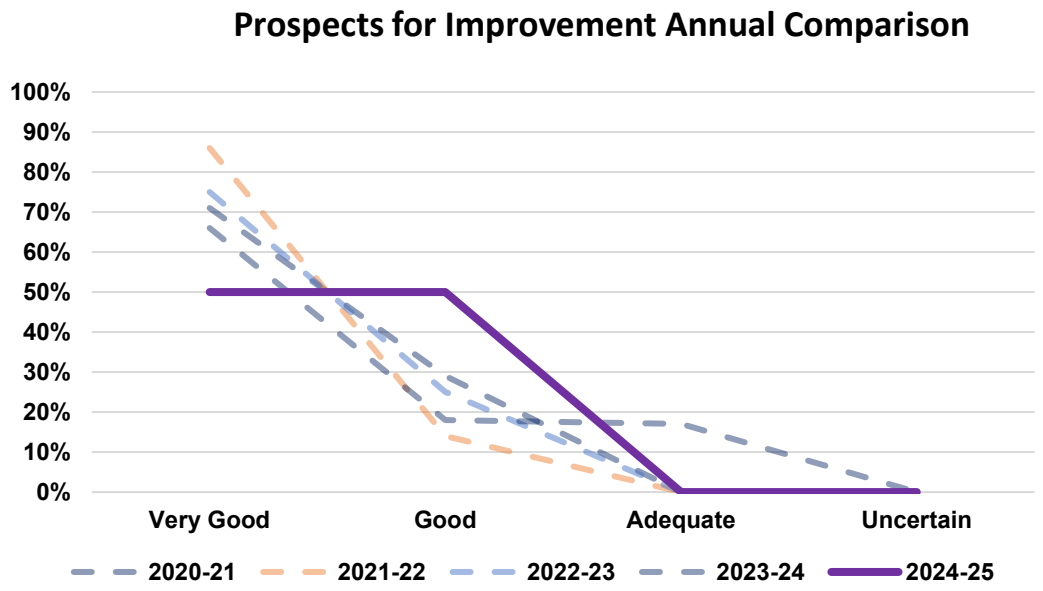


**Table 2: Summary of Prospects for Improvement to 2024-25**

| Prospects for Improvement | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|---|---|---|---|---|---|
| Very Good | 71% | 86% | 75% | 66% | 50% |
| Good | 29% | 14% | 25% | 17% | 50% |
| Adequate | 0% | 0% | 0% | 17% | 0% |
| Uncertain | 0% | 0% | 0% | 0% | 0% |
| Good or Above | 100% | 100% | 100% | 83% | 100% |


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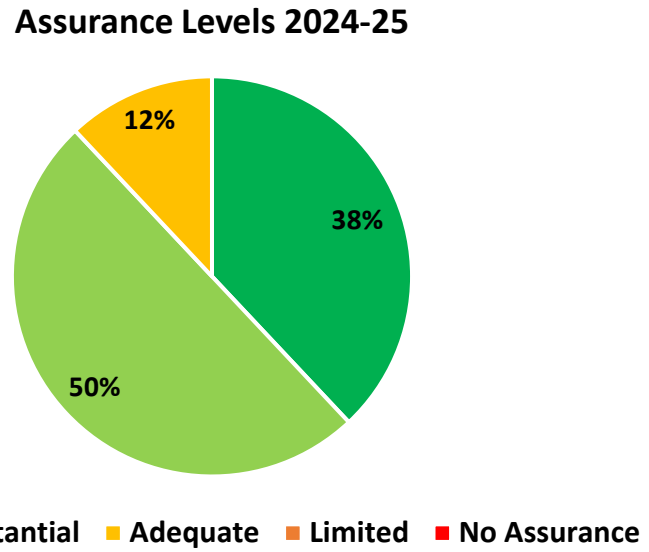
**Table 3: 2024-25 Outcomes from 2024-25 Internal Audit Plan**

| Ref | Audit | Audit Opinion | Prospects For Improvement | Date Reported to Audit & Governance Committee |
|---|---|---|---|---|
| FS01 | Standards in Public Life | SUBSTANTIAL | GOOD | January 2025 |
| FS02 | Disaster (Cyber Security) Recovery & Back Up Arrangements | ADEQUATE | GOOD | September 2025 |
| FS03 | Communication and Engagement KFRS Website | SUBSTANTIAL | GOOD | January 2025 |
| FS04 | Building Safety Enforcement | HIGH | GOOD | November 2024 |
| FS05 | Tax | SUBSTANTIAL | VERY GOOD | April 2025 |
| FS06 | Incident Command Training | SUBSTANTIAL | VERY GOOD | September 2025 |
| FS07 | Control Room | HIGH | VERY GOOD | April 2025 |
| FS08 | Risk Management | HIGH | VERY GOOD | April 2025 |

3.7 The original 2024-25 Internal Audit Plan was agreed by the Audit and Governance Committee in April 2024.

3.8 The 2024-25 Audit Plan included 8 assurance audits. All work has been completed. **Table 3** summarises the outcomes from the 2024-25 Audit Plan. Audit summaries are provided at **Appendix A** for those reviews highlighted above.

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## Other Sources of Assurance

3.9 In line with Institute of Internal Auditors' Practice Guidance, there is a criteria, summarised in **Appendix B**, which should be utilised for Internal Audit to be able to place reliance upon other assurance providers, which maybe either internal or external sources of assurance.

3.10 All sources of assurance identified are taken at a point in time based on the criteria, absolute assurance for the vast majority of other assurances cannot be derived from these pieces of work undertaken.

3.11 During the course of the 2024-25 Internal Audit plan, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) undertook a review of arrangements at KMFRA however, at the time of writing the Annual Report the findings were not published and therefore not utilised as part of the 2024-25 Internal Audit Opinion. Outcomes of this review will be factored into the 2025-26 Internal audit Opinion.

3.12 In order to identify gaps in assurance, prevent duplication in the assurance process and record the outcomes of the assessment of the adequacy and effectiveness of the service's internal control, risk management and corporate governance arrangements, assurance mapping processes are undertaken each year to ensure it reflects developing processes and procedures. No assurance mapping exercises have been undertaken across the Authority by Internal Audit during the 2024-25 Audit Plan. To date only one assurance map has been completed at KMFRA and the completion of assurance maps against key risks of the Authority should be considered in future Audit Plans. The assurance map completed is set out in **Table 4**:

### Table 4: Summary of Assurance Mapping

| Risk | Last Reviewed | Risk Register | | 1st Line of Defence | | | | 2nd Line of Defence | | | | 3rd Line of Defence | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Current | Tolerance | Policies & Procedures | Training | Mgmt. Info | Self Assess Process | Compliance/ Financial Control | Quality | Internal Groups | Risk Mgmt. | 3rd Parties | Partners | Regulators | Internal Audit | External Audit | Other |
| Cyber Security | 2021-22 | High | Medium | | | | | | | | | | | | | | |

| Legend | No Assurance Available | Some Assurance Available | Assurance Available | N/A |
|---|---|---|---|---|

3.13 The assurance mapping exercises to date have highlighted that there was a range of assurances available for Cyber Security in place. However, as this was completed in a point in time it will be beneficial to refresh this in the future to ensure that adequate assurances are still available and explore further areas where assurance mapping would be beneficial.


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## Strengths and Areas for Development

3.14 The annual review of audit outcomes has highlighted the following key strengths and areas for development:

**Strengths:**

- 88% of systems and functions that were assigned a Substantial Assurance opinion or higher;
- A good track record of implementing identified issues identified by Internal Audit;
- The Authority generally has good policies and procedures in place; and
- Adequate arrangements in place to manage the risk of fraud.

**Areas for further development:**

- No material areas for development have been identified.

## Assessment against Significant Risks at KMFRA

3.15 **Appendix C** details the significant risks with a risk rating of 25 at KMFRA as reported to the Audit and Governance Committee in April 2024 with identification of relevant Internal Audit work undertaken against these risk areas. Reliance is placed against the work undertaken by the Corporate Risk Manager in the identification of, assessment, recording and reviewing of risk mitigations, updating and monitoring of and their regular reporting of the Corporate Risk Register to the Audit and Governance Committee during the course of the year.

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# 4. Implementation of Agreed Actions

4.1 Details of the year end position on the implementation of actions from Internal Audit reports are contained within this section of the report. During 2024-25 there were 13 issues which were due for implementation. All high priority and 85% of medium priority issues that were due have been implemented (86% in total). The remaining 15% of medium priority issues a revised date has been agreed for implementation during 2025-26.

4.2 The status of implementation is summarised in **Table 5**:

**Table 5: Summary of Action Implementation**

| | Total Number Open Issues but not due | | Total Number due for Implementation | | Implemented | | In Progress | | Not Implemented | | Superseded | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | High | Medium | High | Medium | High | Medium | High | Medium | High | Medium | High | Medium |
| Total | 0 | 3 | 1 | 13 | 1 | 11 | 0 | 2 | 0 | 0 | 0 | 0 |
| | | | | Total % | 100% | 85% | 0% | 15% | 0% | 0% | 0% | 0% |

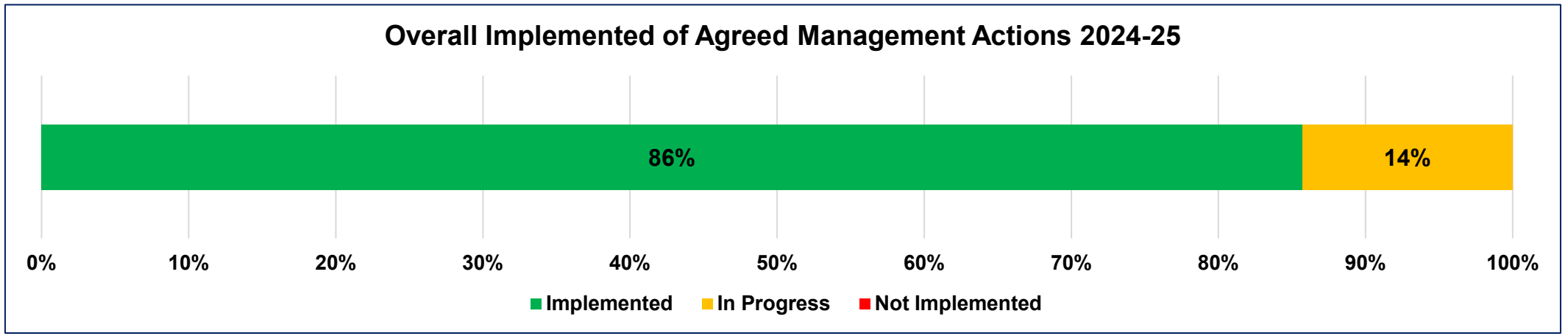



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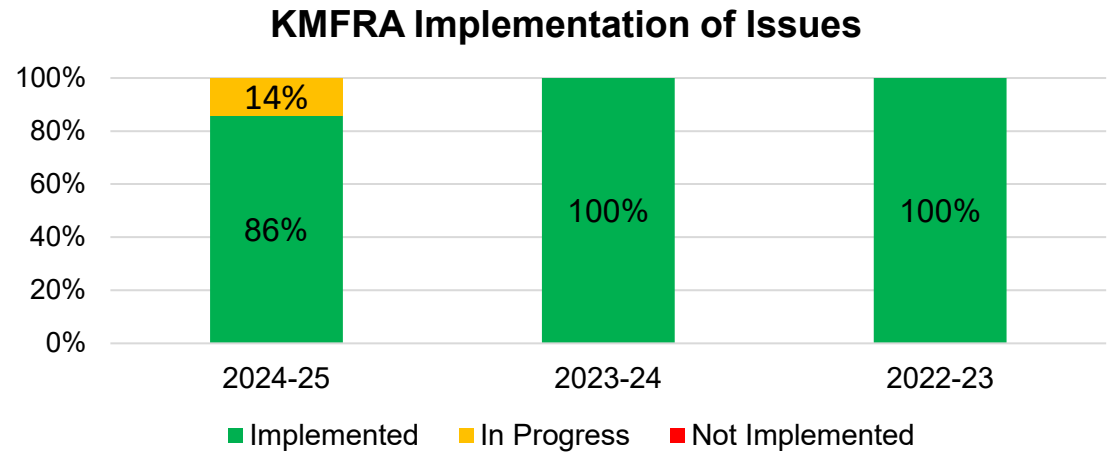
**Table 4 – Status of all Open Tracked Agreed Management Actions**

| Ref | Audit | Audit Date | Assurance Opinion | Issue | Priority | Status | Revised Date |
|---|---|---|---|---|---|---|---|
| * FS03-2021 | Contract Management – Major contracts | 13 September 2021 | Substantial | Issue 1 – Contract Manager Responsibilities | Medium | Not Due | |
| FS06-2024 | Climate Change | 1 March 2024 | Substantial | Issue 2 – Devising a Plan for Funding Arrangements | Medium | Not Due | |
| FS03-2025 | Communication and Engagement KFRS Website and Social Media | 23 December 2024 | Substantial | Issue 1 – Data Protection Impact Assessments | Medium | Implemented | |
| FS09-2024 | Purchasing Review | 21 August 2023 | Advisory | Review Procurement Policy and guidance | Medium | Not Due | |

* The issue relating to **FS03-2021 – Contract Management – Major contracts** will be review as part of the Procurement Audit which is included in the 2025-26 Internal Audit Plan.

4.3 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, highlights a continued commitments to the implementation of management actions to agreed and revised implementation dates. There is a slight dip in implementation rates however, rates are still at a reasonable level. This is illustrated in the graph below.

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# 5. Conformance with Professional Internal Audit Standards

5.1 Professional Internal Audit Standards (Standards) are mandatory for all public sector internal audit functions. The Standards require Internal Audit functions to maintain a Quality Assurance and Improvement Programme (QAIP), which should include both internal and external assessments of compliance against the Standards. Outcomes of the QAIP are detailed in **appendix D** which includes actions to be undertaken during 2025-26.

5.2 The last external quality assessment (EQA) was completed in February 2021. The EQA concluded that the service 'Generally Conforms' with the Public Sector Internal Audit Standards, which is the highest possible assessment available and was in line with our own internal self-assessment. The outcomes from this EQA were last reported to Committee in 2022 and all actions from the EQA were fully implemented. An EQA will be sought to be undertaken during 2025-26 to align with the 5 year cycle that this is required to be undertaken.

5.3 The internal self-assessment for 2024-25 has been completed and has confirmed the Internal Audit function broadly generally conformant with the Standards. There are currently 7 standards in which there is partial conformance which have action plans in place to address ahead of the EQA in 2025-26. Details of the assessment are detailed in **table 6**.

5.4 The Institute of Internal Auditors' (IIA) Global Internal Audit Standards were updated and compliance with the new Standards was required by 9th January 2025. A self-assessment against the new Standards was undertaken during 2024-25. The outcomes from this self-assessment were reported to committee in January 2025 and Internal Audit can confirm that all areas of non-conformance have been addressed. Work is now being undertaken to address the areas of partial conformance. **Table 6** details the assessment in full on page 15 of this report.


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**Table 6: Conformance with Professional Standards**

| | | Generally Conforms | Partially Conforms | Does Not Conform |
|---|---|---|---|---|
| Definition of Internal Auditing | | | | |
| Reference | Principle 1 – Demonstrate Integrity | | | |
| 1.1 | Honesty and Professional Courage | ✓ | | |
| 1.2 | Organisation's Ethical Expectations | ✓ | | |
| 1.3 | Legal and Ethical Behaviour | ✓ | | |
| Reference | Principle 2 – Maintain Objectivity | | | |
| 2.1 | Individual Objectivity | ✓ | | |
| 2.2 | Safeguarding Objectivity | | ✓ | |
| 2.3 | Disclosing Impairments to Objectivity | ✓ | | |
| Reference | Principle 3 – Demonstrate Competency | | | |
| 3.1 | Competency | ✓ | | |
| 3.2 | Continuous Professional Development | ✓ | | |
| Reference | Principal 4 – Exercise Due Professional Carte | | | |
| 4.1 | Conformance with the Global Internal Audit Standards | ✓ | | |
| 4.2 | Due Professional Care | ✓ | | |
| 4.3 | Professional Scepticism | ✓ | | |
| Reference | Principle 5 – Maintain Confidentiality | | | |
| 5.1 | Use of Information | ✓ | | |
| 5.2 | Protection of Information | ✓ | | |
| Reference | Principal 6 – Authorised by the Board | | | |
| 6.1 | Internal Audit Mandate | ✓ | | |
| 6.2 | Internal Audit Charter | ✓ | | |
| 6.3 | Board and Senior Management Support | ✓ | | |


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| | | Generally Conforms | Partially Conforms | Does Not Conform |
|---|---|---|---|---|
| Reference | Principle 7 – Positioned Independently | | | |
| 7.1 | Organisational Independence | | ✓ | |
| 7.2 | Chief Audit Executive Qualifications | ✓ | | |
| Reference | Principal 8 – Overseen by the Board | | | |
| 8.1 | Board Interaction | ✓ | | |
| 8.2 | Resources | ✓ | | |
| 8.3 | Quality | ✓ | | |
| 8.4 | External Quality Assessment | ✓ | | |
| Reference | Principle 9 – Plan strategically | | | |
| 9.1 | Understand Governance, Risk Management and Control Processes | ✓ | | |
| 9.2 | Internal Audit Strategy | ✓ | | |
| 9.3 | Methodologies | | ✓ | |
| 9.4 | Internal Audit Plan | ✓ | | |
| 9.5 | Coordination and Resilience | | ✓ | |
| Reference | Principle 10 – Manage Resources | | | |
| 10.1 | Financial Resource Management | ✓ | | |
| 10.2 | Human Resource Management | | ✓ | |
| 10.3 | Technological Resources | ✓ | | |
| Reference | Principle 11 – Communicate Effectively | | | |
| 11.1 | Building Relationships and Communicating with Stakeholders | | ✓ | |
| 11.2 | Effective Communication | ✓ | | |
| 11.3 | Communicating Results | ✓ | | |
| 11.4 | Errors and Omissions | ✓ | | |
| 11.5 | Communicating the Acceptance of Risk | ✓ | | |


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| | | Generally Conforms | Partially Conforms | Does Not Conform |
|---|---|---|---|---|
| Reference | Principle 12 – Enhance Quality | | | |
| 12.1 | Internal Quality Assessment | ✓ | | |
| 12.2 | Performance Management | | ✓ | |
| 12.3 | Oversee and Improve Engagement Performance | ✓ | | |
| Reference | Principle 13 – Plan Engagements Effectively | ✓ | | |
| 13.1 | Engagement Communication | ✓ | | |
| 13.2 | Engagement Risk Assessment | ✓ | | |
| 13.3 | Engagement Objective and Scope | ✓ | | |
| 13.4 | Evaluation Criteria | ✓ | | |
| 13.5 | Engagement Resources | ✓ | | |
| 13.6 | Work Program | ✓ | | |
| Reference | Principle 14 – Conduct Engagement Work | | | |
| 14.1 | Gathering Information for Analysis and Evaluation | ✓ | | |
| 12.2 | Analysis and Potential Engagement Findings | ✓ | | |
| 14.3 | Evaluation of Findings | ✓ | | |
| 14.4 | Recommendations and Action Plans | ✓ | | |
| 14.5 | Engagement Conclusions | ✓ | | |
| 14.6 | Engagement Documentation | ✓ | | |
| Reference | Principle 15 – Communicate Engagement Results and Monitor Action Plans | | | |
| 15.1 | Final Engagement Communication | ✓ | | |
| 15.2 | Confirming the Implementation of Recommendations or Action Plans | ✓ | | |


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# 6. Internal Audit Performance

6.1 The performance of the Internal Audit Team is measured and monitored throughout the year and the year-end position is shown in Table 10 below:

Plan Delivery

6.2 Table 10 highlights performance areas for improvement which will feed into the QAIP which is detailed in **appendix D**. The Key Performance indicators highlight that audits had not been achieved within timescales as set out at the start of the audit within the engagement plan. Auditors have been reminded to ensure that timescales need to be achievable, and these will be closely monitored within 2025-26. Two audits were not completed by 31st March and greater emphasis on delivery to expected timescales will be given however, audits have been completed in sufficient time to ensure that the Annual Opinion has been reported to September Audit and Governance committee which has been the typical timeframe for the Annual Opinion.

**Table 10: Internal Audit Performance 2024-25**

| | Indicator | Target | 2024-25 | 2023-24 | |
|---|---|---|---|---|---|
| 1 | Engagement Plan issued 2 weeks prior to commencement of fieldwork start date | 90% | 75% | 100% | |
| 2 | Verbal feedback to be provided within one week of completion of audit fieldwork | 100% | 100% | 100% | |
| 3 | Draft Reports to be issued by the date specified in the Engagement Plan | 90% | 0% | 88% | |
| 4 | Final Report to be issued within 5 working days of receiving management response | 90% | 100% | 100% | |
| 5 | % Completion of Annual Internal Audit Plan @ 31 March 2025 | 90% | 80% | 100% | |

| | Indicator | Target | 2024-25 | 2023-24 | |
|---|---|---|---|---|---|
| 6 | Agreement of Engagement Plan to be provided prior to fieldwork start date | 90% | 100% | 100% | |
| 7 | Response to Draft Report and Action Plan to be provided within 10 working days of issue | 100% | 75% | 100% | |
| 8 | Actions plans in response to High and Medium Priority issues raised to be implemented within agreed timescales | 90% | 100% | 100% | |


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Client Satisfaction

6.3 At the end of each audit review, a client satisfaction questionnaire is sent to the auditee. The cumulative result for the surveys received was 98% satisfaction.

6.4 The survey also requested any additional comments and comments received are replicated below in **table 11**:

**Table 11: Internal Audit Client Satisfaction**

| Ref | Audit | Client Overall Experience | Client Comments |
|---|---|---|---|
| FS01 | Standards in Public Life | Average | **We had a meeting after the initial report came through with the Chief Audit Executive which was very positive. We agreed the actions and also that the spec for the work could have been better which led to some issues with the report.** |
| FS02 | Disaster (Cyber Security) Recovery & Back Up Arrangements | Very Good | **The Auditor was diligent and thorough in his research, provided regular updates on progress, and the resulting report was of high quality.** |
| FS03 | Communication and Engagement KFRS Website | Very Good | **Always Professional and helpful** |
| FS04 | Building Safety Enforcement | Very Good | **The Auditor was incredibly professional throughout. There was a wish to carry out fieldwork with quite short notice but a complete understanding if this was not possible to achieve. When the team managed to facilitate the short notice it was recognised and clearly appreciated.<br>The Auditor has listened to any suggestions put forward (i.e. attending the office to go through the files in person and suggested rephrasing to clarify an area with the report) and has responded promptly.** |
| FS05 | Tax | Very Good | **I felt there was good communication between the auditor and the Finance Team and they were very flexible with agreeing times for carrying out the fieldwork. I felt the audit went pretty smoothly.** |
| FS06 | Incident Command Training | Very Good | **Polite, professional and helpful auditor who really took the time to understand the complexities of this subject area.** |
| FS07 | Control Room | Good | **An extremely useful audit to help validate the benefits of the new control room** |
| FS08 | Risk Management | Very Good | **Worked with us and was understanding about our work and demands on our time** |


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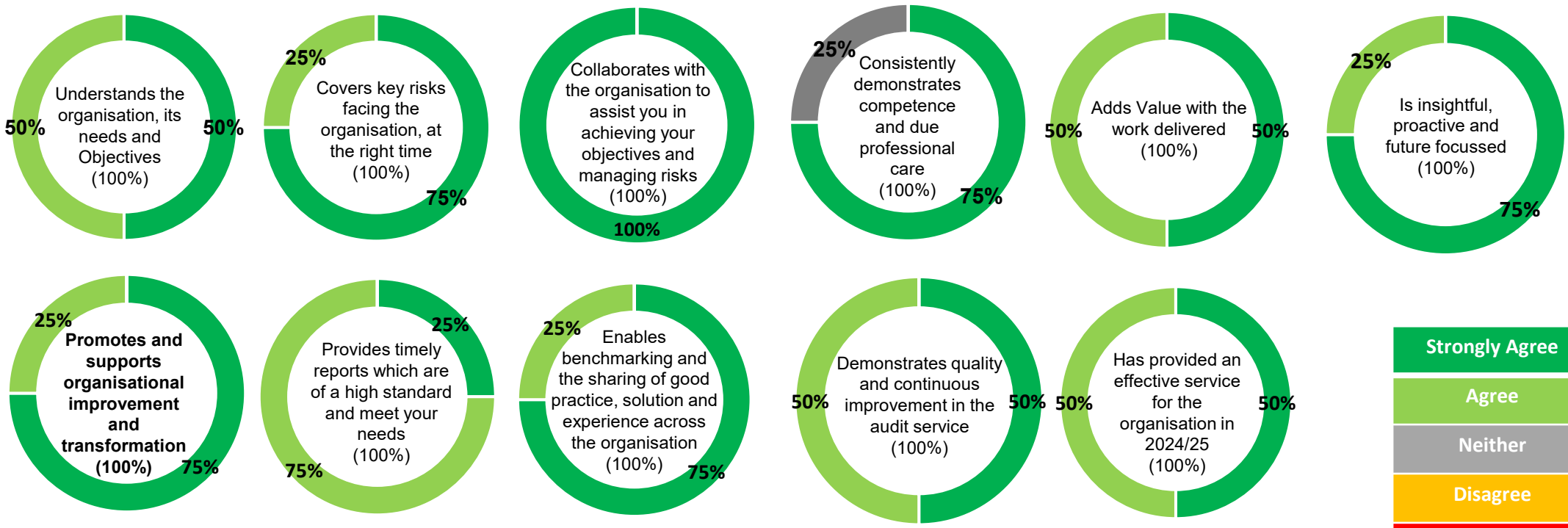
## Client Perception

6.5 In addition to the Client Satisfaction surveys, an annual Perception Survey has been completed requesting views of the Corporate Management Team and the Chair of the Audit and Governance Committee on the quality of Internal Audit services. The questions are intentionally challenging for the service and the responses, with the comments received, will be utilised as part of the continuous improvement for the service.




6.6 The above demonstrates positive feedback with all areas covered in the perception survey at either strongly agree or agree.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# 7. Internal Audit Resources

7.1 In accordance with the Public Sector Internal Audit Standards and Global Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- The Internal Audit Team is fully resourced with no current vacancies.
- New Audit Management software has been adopted by the Internal Audit Team which should provide a number enhancements to Internal Audit Processes.
- There is adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi.

7.2 It is also concluded that there have been no limitations of scope which adversely impacted upon the ability to provide an annual opinion.

# 8. Summary Counter Fraud Work 2024-25

8.1 There were no fraud or irregularities identified, reported or investigated by Internal Audit during 2024-25.


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# 9. Disclosure on Impairment and Statement of Independence

9.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

9.2 Internal Audit independence is achieved by reporting lines which allow for unrestricted access throughout the Authority, which includes senior Management and Audit & Governance Committee members.

9.3 There has been no significant restrictions on the scope of Internal Audit work findings during 2024-25. Consequently, it is confirmed that there have been no material factors which have adversely impacted on the independence of Internal Audit and the ability to form an evidenced annual opinion.

9.4 Summaries of audit work completed have been provided to the Committee throughout the year.


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# Appendix A - Summaries

## FS02-2025 - Disaster (Cyber Security) Recovery & Back Up Arrangements

| | |
|---|---|
| **Audit Opinion** | **ADEQUATE** |
| **Prospects for Improvement** | **GOOD** |

**Introduction**

IT Disaster Recovery refers to the processes, policies and procedures used in restoring and maintaining vital infrastructure and systems following a major incident or disaster. Disaster recovery focuses on the Information Technology (IT) elements/ systems supporting critical business functions as opposed to Business Continuity Planning (BCP) which focuses on keeping key services operational during an incident.

The Fire Service places significant reliance on the availability of key systems and applications in delivering many of its services. The ability to respond effectively and efficiently to a disaster which affects infrastructure, and applications is therefore essential. Failure to do so could result in significant disruption to services and reputational damage to the organisation.

Disaster Recovery Planning is a key function, and it is essential that robust and sufficiently detailed plans are in place, maintained and tested to ensure that ICT infrastructure and applications can be recovered in the event of a disaster.

Responsibility for disaster recovery arrangements for key applications lies with the business/system owners, supported by local BCPs and supplier agreements.

**Key Strengths**

- ✓ A Data Protection Impact Assessment (DPIA) process is in place to help provide assurance that Data Protection risks are considered during new system developments/ implementations.
- ✓ Backup restorations, providing some level of assurance around the ability to restore systems and services, are performed on a regular basis.
- ✓ Technical backup processes are documented.
- ✓ A log of backup restorations performed by IT is maintained.
- ✓ Regular internal and external penetration testing exercises are undertaken to help identify potential cyber security vulnerabilities.
- ✓ A risk management process is in place to document Disaster Recover and Cyber Security risks and mitigating controls.
- ✓ IT are undertaking a project to obtain baseline Cyber Assessment Framework (CAF) standard by the end of 2025.

**Areas for Development**

**Issue 1 – Disaster Recovery Plan -** Medium

- A project to review Disaster Recovery (DR) arrangements and controls and update associated DR plans/ supporting process documents was underway at the time of the audit.

**Issue 2 – Recovery Time Objectives -** Medium

- An exercise is required to review and document Recovery Time Objectives (RTOs) for key applications to ensure they are given the correct level of priority in the event of an incident requiring the invocation of disaster recovery plans.

**Issue 3 – Cyber Incident Response Plan -** Medium

- There is a need to develop the existing Cyber Security Incident Plan documentation further in order to provide more detailed technical instructions.

**Issue 4 – Data Protection Impact Assessments -** Low

- It was not possible to confirm that the rationale for not completing a Data Protection Impact Assessment (DPIA) for the Concerto or TRAM applications was documented.

**Issue 5 - Cyber Security Due Dilligence -** Medium

- There is a need for a standardised process documenting the review of supplier cyber security arrangements to be introduced.

**Issue 6 – Supplier Arrangements -** Medium

- Internal Audit were not able to obtain information about the Disaster Recovery and Cyber Security controls relevant to support of the Concerto application from the supplier and therefore it is important for Kent Fire to obtain assurances from the supplier on the arrangements.


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# FS02-2025 - Disaster (Cyber Security) Recovery & Back Up Arrangements

**Prospects for Improvement**

**Prospects for improvement is rated as Good based on the following factors:**

| Adequacy of Action Plans | Implementation Record | External Factors |
|---|---|---|
| Good | Good | Good |

**Summary of Management Responses**

| | No. of Issues Raised | Mgt Action Plan Developed | Risk Accepted & No Action Proposed |
|---|---|---|---|
| High Risk | 0 | 0 | 0 |
| Medium Risk | 5 | 5 | 0 |
| Low Risk | 1 | 1 | 0 |


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# FS06-2025 - Incident Command Training

| | |
|---|---|
| **Audit Opinion** | **SUBSTANTIAL** |
| **Prospects for Improvement** | **VERY GOOD** |

## Introduction

As part of the 2024/25 Audit Plan it has been agreed that Internal Audit will undertake a review of Incident Command training.

The purpose of Incident Command is to provide a structured and systematic approach to managing emergency incidents. It ensures that resources are effectively and safely organised to achieve the best possible resolution. The Incident Command system is designed to be scalable and flexible, allowing it to adapt to incidents of varying sizes and complexities.

Key components include clear lines of command, manageable spans of control, a robust communications infrastructure, and clearly defined roles and responsibilities. This system helps incident commanders make sound operational decisions, maintain situational awareness, and balance risk and benefit.

Good quality and timely training are crucial for incident commanders to develop and maintain the necessary command skills. These skills include leadership, situational awareness, decision-making, interpersonal communication, personal resilience, and teamwork.

Effective training ensures that commanders can confidently and competently perform their roles under pressure, even in rapidly changing and hazardous environments. Regular training, assessment, and revalidation help commanders stay prepared for a wide range of incidents, ensuring they can apply their knowledge and skills to protect the safety of personnel and the public. This continuous development fosters a positive safety culture and enhances the overall effectiveness of emergency response operations.

The aim of the audit was to provide assurance that there is good quality and timely Incident Command training.

## Key Strengths

### Accreditation

✓ The Skills for Justice (SFJ) qualifications align with National Operational Guidance for Incident Command. KFRS's has SFJ has approved centre status and Direct Claim Status for the Initial and Intermediate awards.

### Training review

✓ There are numerous triggers for reviewing training including Internal Quality Assessments (IQAs), External Quality Assessments (EQAs), learner feedback, 'hot wash' and operational debriefs, formal debriefs following critical incidents and command reviews.
✓ SFJ update their accredited qualifications in consultation with KFRS following changes to Incident Command National Operational Guidance.
✓ Regular EQAs by SFJ validate the effectiveness of IQAs.
✓ Changes to policies that inform training go to the Learning and Competence Steering Group and are reported to Corporate Management Board.

### Informal Course Feedback

✓ Invaluable informal feedback is gathered from colleagues during the delivery of the qualifications, so coaches can continuously improve their delivery.

### Simulated Incident Scenarios

✓ Simulated Incident Scenarios designed around National Operational Guidance are included in Station Based Training every month to improve understanding of decision-making models and how to apply them.

### Training Records

✓ Training records are up to date and include Incident Command qualification pass/revalidation dates and expiry dates.
✓ There are adequate monitoring arrangements to identify gaps/lapses in training.
✓ Staff are expected to pass re-validation training every 2 years, within a 3 month grace period.
✓ Training is carried out at a sufficient frequency to provide resilience and to mitigate against staff turn over.

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# FS06-2025 - Incident Command Training

## Areas for Development

**Issue 1 – Accreditation –** Low

- KFRS are not listed on SFJ's list of approved centres nor is SFJ on KFRS's website as an organisation they are accredited with.
- KFRS do not have up to date confirmation of the SFJ approved centre status for the organisations that provide the Advanced and Strategic award.

**Issue 2 - Approval Process -** Low

- There is no documented approval process for making changes to training that don't require a policy change.

**Issue 3 - Structured Course Feedback -** Low

- Structured questionnaires and their analysis to identify trends has not yet been rolled out for all Incident Command qualifications.

**Issue 4 - Kronos skills and rotas -** Medium

- 7 cases (out of over 400 with Incident Command qualifications) were identified where colleagues were listed with 'Initial' skills despite not holding a current qualification.
- There is no formal documentation in policy of the decisions to allow colleagues with only the practical element of Advanced or Strategic awards to be added to rotas or to allow direct entry colleagues on the rota to shadow.
- An individual was added to the rota likely based on assumed completion of Strategic practical, without supporting evidence.
- Lack of separate tracking for Advanced and Strategic practical assessments in iTrent may lead to confusion over when revalidation is due.

**Issue 5 - Command hours -** Medium

- The Power app tracks incident command hours to help colleagues meet the 20-hour rolling annual requirement, but records are not consistently updated or reviewed to maintain accuracy and monitor ongoing progress.
- Incident Command qualifications can be re-validated without the required 20 incident command hours.

## Prospects for Improvement

Prospects for Improvement is rated as **Very Good** based on the following factors:

| Adequacy of Action Plans | Implementation Record | External Factors |
|---|---|---|
| Very Good | Very Good | Very Good |

### Summary of Management Responses

| | No. of Issues Raised | Mgt Action Plan Developed | Risk Accepted & No Action Proposed |
|---|---|---|---|
| High Risk | 0 | 0 | 0 |
| Medium Risk | 2 | 2 | 0 |
| Low Risk | 3 | 3 | 0 |


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# Appendix B - IIA Assessment Criteria Other Sources of Assurance

The institute of Internal Auditors suggests that the Chief Audit Executive (Head of Internal Audit) should not rely on outdated work that no longer reflects the current risk landscape, is not aligned with the objectives and scope of the internal audit engagement or is otherwise irrelevant. The following criteria is suggested to determine the reliance of internal and external assurance providers:

**Assessment of Reliance of Internal or External Assurance Providers**

| Element | No Reliance | Low reliance | Moderate reliance | High reliance |
|---|---|---|---|---|
| **Purpose** | The provider shows limited understanding of, or alignment with, the objectives and scope of the internal audit function. The provider's work lacks relevance or fails to contribute to strategic goals. | The internal audit function recognises the assurance provider's work but performs substantial independent testing or revalidation to confirm the adequacy and accuracy of the findings. Reliance on the work product is minimal and limited to specific, noncritical areas. | A formal agreement or memorandum of understanding establishes authority and delineates the scope of assurance activities. The internal audit function moderately relies on the provider's work products, supplementing them with periodic validations or targeted reviews to ensure alignment with internal audit standards. | A charter or contract provides the authority and scope of assurance activities and establishes the intent for the internal audit function to rely on the assurance provider's work product. |
| **Independence and Objectivity** | The provider has significant conflicts of interest and lacks independence. | The provider maintains some independence but may have occasional conflicts of interest. | The provider is mostly independent with minor potential conflicts. | The provider's professional judgment is impartial, free from inappropriate interference from others. |
| **Competency** | The provider lacks the necessary experience and qualifications. | The provider has basic qualifications but limited experience. | The provider possesses adequate skills and experience for standard tasks and performs effectively on routine engagements. | The provider understands the risks to organisational processes, how controls are designed to operate in response to the risks, and what constitutes a weakness or deficiency. |
| **Elements of Practice: Risk Assessment and Planning** | The provider's methodologies are considered inadequate or misaligned with organisational needs. | Assurance activities are inconsistently guided by risk-based methodologies, with notable gaps in their application or execution. | Assurance activities are guided by generally sound methodologies, but engagement plans may not fully align with best practices or the engagement risk assessment. | Assurance activities are guided by appropriate methodologies and include engagement plans that incorporate a risk assessment. |
| **Elements of Practice: Performance of Assurance Engagements** | The provider lacks a demonstrated history of competency, reliability, or adherence to professional standards. | The provider's performance history is uneven, with limited evidence of reliable results. Documentation may be incomplete or fail to meet professional standards. | The provider demonstrates a history of meeting objectives, but the reliability of the results shows some inconsistencies or limitations. | The provider demonstrates a history of achieving the established objectives and producing reliable results. Documentation should be maintained as evidence of performance to relevant professional standards. |
| **Communication of Results** | The results of assurance activities are not reported clearly, and there is little or no follow-up on identified issues. | The provider communicates results but may lack clarity or timeliness. | The provider communicates results clearly but may not always provide timely updates. | The results of assurance activities are reported timely to an appropriate level of management, and issues are tracked until they are mitigated. |


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# Appendix C – Extract of KMFRA Significant Risks

The detail below shows Internal Audit projects against risk areas from the Corporate Risk Register as at April 2024

| 1 | IF the Authority is affected by prolonged industrial action THEN an effective emergency response wouldn't be maintained | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 2 | IF sufficient firefighting equipment PPE and vehicles of the required standard was unavailable as required THEN an effective emergency response could not be provided | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 3 | IF the arrangements for mobilising emergency resources failed THEN an effective emergency response couldn't be maintained | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|
| FS06 | Incident Command Training | Substantial | Very Good |
| FS07 | Control Room | High | Very Good |

| 4 | IF Finance for externally funded services is withdrawn THEN the Authority will have to absorb existing staff over a short period | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 5 | IF an employee is seriously injured/killed in any area of activity THEN a series of formal investigations will be instigated | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 6 | IF the government's funding plans (e.g. funding formula/Spending Review) disadvantage KFRS THEN its MTFP will be compromised | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 7 | IF the Authority suffers a major unfunded loss/cost THEN additional in year savings would be required | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 8 | IF customer and premises information cannot be made available to operational staff THEN there is an increased risk that an inappropriate response to an emergency might be delivered | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage

| 9 | IF a Kent run major procurement arrangement fails to meet expectations THEN partners' trust and reliance of the Authority will be damaged | Material |
|---|---|---|

| Ref | Audit | Opinion | PFI |
|---|---|---|---|

No Audit Coverage


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| 10 | IF the Authority is unable to maintain mission critical services following an external disruption THEN the Authority could fail to meet its statutory duties | | Material |
|---|---|---|---|
| Ref | Audit | Opinion | PFI |
| No Audit Coverage | | | |

| 11 | IF changes to the Fire Safety Order and the creation of the Building Safety Regulator require changes THEN the Authority will need to review working practices and staffing levels. | | Material |
|---|---|---|---|
| Ref | Audit | Opinion | PFI |
| No Audit Coverage | | | |

| 12 | IF costs increase as a result of legislative changes THEN the Authority's MTFP will be compromised. | | Material |
|---|---|---|---|
| Ref | Audit | Opinion | PFI |
| No Audit Coverage | | | |

| 13 | IF there is a delay in the release of the technical guidance to support the recent legal ruling in relation to the McCloud pension case THEN the Authority could be subject to legal challenge. | | Material |
|---|---|---|---|
| Ref | Audit | Opinion | PFI |
| No Audit Coverage | | | |

| 14 | IF the Authority suffers a cyber-attack THEN it may not be able to perform its statutory duties and recovery may be protracted | | Material |
|---|---|---|---|
| Ref | Audit | Opinion | PFI |
| FS02 | Disaster (Cyber Security) Recovery + Back Up Arrangements | Adequate | Good |
| FS03 | Communication and Engagement KFRS Website + Social Media | Substantial | Good |

| 15 | IF the contracted fleet workshop provision is not available THEN it may not be possible to maintain frontline heavy fleet (fire engines) to a working and legally compliant standard. | | Material |
|---|---|---|---|
| Ref | Audit | Opinion | PFI |
| No Audit Coverage | | | |


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# Appendix D – Quality Assurance & Improvement Programme (QAIP)

Professional Internal Audit Standards describe the QAIP as:

"A QAIP is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement."

As acknowledged by the External Assessor in 2021, Internal Audit have a robust process for undertaking the QAIP, which includes the completion of the following reviews to confirm compliance with PSIAS:

- **Self- Assessment** - completed for each audit engagement, proactive fraud review and complex investigation.
- **Hot Reviews** - complete for each audit investigation and fraud investigation.
- **Cold Reviews-** carried out annually across all clients using a judgemental sample and least one per individual.
- **Internal Assessment** - competed annually against PSIAS.
- **External Assessment** - completed every 5 years for Audit and Counter Fraud.
- **Customer Feedback** - competed for each audit engagement and proactive counter fraud review.

Improvements required for the service in 2025-26 include:

| Improvement Issue |
|---|
| Implementation of identified actions for compliance with Global Internal Audit Standards |
| Implemented a more effective approach to following up Cold Reviews. |
| Continue to develop wellbeing, support and approaches for the team |
| Ensure delivery of Internal Audit engagements to dates agreed in the Engagement Plans |
| Delivery of the Internal Audit Plan by 31st March |
| Determine an action plan to implement priorities from the Internal Audit Strategy. |
| Utilisation of artificial intelligence in audit planning. |
| Review new audit management software for efficiencies in its use including follow-up of management actions. |
| Improved use of data analytics. |


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# Appendix E - Definitions

## Audit Opinion

| | |
|---|---|
| **High** | **Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.**<br><br>**Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.**<br><br>**There are examples of best practice. No significant weaknesses have been identified.** |
| **Substantial** | **Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.**<br><br>**Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.** |
| **Adequate** | **Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.**<br><br>**There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.** |
| **Limited** | **Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.**<br><br>**Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.** |
| **No Assurance** | **Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.**<br><br>**Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved** |


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## Prospects for Improvement

| | |
|---|---|
| **Very Good** | **There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.** |
| **Good** | **There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.** |
| **Adequate** | **Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives** |
| **Uncertain** | **Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.** |

## Issue Risk Ratings

| | |
|---|---|
| **High** | **There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.** |
| **Medium** | **There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.** |
| **Low** | **There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.** |


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Item Number: B4

| | |
|---|---|
| By: | Director of Finance |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | PROVISIONAL REVENUE AND CAPITAL BUDGET OUTTURN FOR 2024/25 - SUMMARY |
| Classification: | Unrestricted |

**FOR DECISION**

**SUMMARY**

Members received a detailed report on the provisional final outturn for 2024/25 at the Authority meeting on 7 July 2025. This report summarises its key points and is intended to provide Members with the assurance needed to formally approve the 2024/25 Statement of Accounts.

Key points to note are:

- The provisional revenue budget outturn is an underspend of £762k against a budget of £94.713m.
- The provisional outturn on capital spend is £5.852m.
- At the July meeting, Members provided approval to transfer £500k of the final revenue budget underspend to the Service Transformation and Productivity Reserve and to transfer the balance of the underspend (provisionally £262k) to the Infrastructure Reserve.

**RECOMMENDATIONS**

Members are requested to:-

1. Agree the contents of the report.

**LEAD/CONTACT OFFICER:** Director of Finance – Barrie Fullbrook
**CONTACT DETAILS:** T: 01622 692121 | E: kmfraclerk@kent.fire-uk.org

**BACKGROUND PAPERS:**

Provisional Revenue and Capital Budget Outturn for 2024/25 – 7 July 2025
Financial Update for 2024/25 – 18 February 2025 and 17 October 2024
Financial Summary Update for 2024/25 – 5 July 2024
Draft Revenue and Capital Budgets 2024/25 and MTFP 2024-28 – 20 February 2024

## COMMENTS

### Provisional Revenue Budget Outturn for 2024/25

1. The Authority has delegated responsibility for approving the Statement of Accounts to the Audit and Governance Committee. However, the Authority retains the responsibility to regularly review detailed budget monitoring reports on both revenue and capital expenditure. A comprehensive report on the 2024/25 provisional final outturn, including detailed explanations for budget variances, balances held in reserves, and the final outturn on the Firefighters' Pension Fund Account, was presented to Members at the July Authority meeting. This report, therefore, provides a summary of the key points to offer Members the necessary assurance for formally approving the draft 2024/25 Statement of Accounts.

2. **Revenue Budget Outturn** - The provisional revenue budget underspend is £762k against a budget of £94.713m. Detailed explanations for the most significant variances were provided to Members in July, but in summary investment income for the year was some £1.4m higher than budgeted primarily due to an unexpected government pensions grant, and employee costs were around £1.1m less than budgeted, primarily due to in year-vacancies. These variances were partly offset by an in-year transfer of £1.3m to the Insurance and Resource Reserve and other net overspends totalling around £0.4m.

3. **Capital Budget Outturn** - The provisional outturn on capital spend is £5.852m. Costs in relation to several projects, mainly the redevelopment of Ashford Fire Station and Live Fire Training Facility, have slipped due to delays in the delivery of the project.

4. **Allocation of Revenue Budget Underspend** - At the July Authority meeting Members agreed to transfer £500k of the final Revenue budget underspend to the Service Transformation and Productivity Reserve and the balance (provisionally £262k) to the Infrastructure Reserve.

5. **Closing Reserve Balances** - As of 31 March 2025, £4.680m was held in the General Reserve; £36.655m was held in Earmarked Reserves (including the transfers detailed in paragraph 4) and £8.647m was held in the Capital Receipts Reserve. Therefore, total Usable Reserves held at the end of the financial year totalled £49.982m.

6. **Firefighters' Pension Fund Account** - The cost of eligible expenditure chargeable to the Firefighters' Pension Fund including ongoing firefighter pensions, pension commencement lump sums and transfers values out totalled £46.787m in 2024/25. Employee contributions, Authority contributions, and charges for ill health and pensions not abated, along with transfer values in totalled £21.320m. The Authority received government grants in relation to the remedy for the McCloud and Matthews

pension discrimination cases, totalling £16.874m in July 2024, meaning a government top-up grant of £8.593m was required to balance the Pension Fund to nil for 2024/25.

7. **External Audit** - The Authority's Financial Statements are subject to review by External Audit (Grant Thronton UK LLP); hence it is only a provisional final outturn position that is presented to Members in this report. The External Auditor presented their Indicative Audit Plan for 2024/25 to the Audit and Governance Committee in April 2025, setting out their intention for the audit of the Authority's 2024/25 Statement of Accounts to start in September 2025 and likely to conclude in early December 2025.

**IMPACT ASSESSMENT**

8. Of the final underspend on the revenue budget; £500k will be transferred to the Service Transformation and Productivity Reserve to pump-prime transformation or spend-to-save projects and the balance (provisionally £262k) will be transferred to the Infrastructure Reserve to provide funding towards the cost of replacing two fire appliances that were written off during the financial year.

9. Resources have been rolled forward to fund any revenue commitments and capital expenditure that has been re-phased to later years.

**RECOMMENDATIONS**

10. Members are requested to:

    10.1 Approve the contents of the report.

Item Number: B5

| | |
|---|---|
| By: | Director of Finance |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | ANNUAL GOVERNANCE STATEMENT 2024/25 |
| Classification: | Unrestricted |

**FOR DECISION**

## SUMMARY

This report seeks Members' approval of the Authority's 2024/25 Annual Governance Statement. The production of an Annual Governance Statement is a requirement set out in the Accounts and Audit Regulations 2015, which mandates an annual review of the effectiveness of the system of internal control. The Annual Governance Statement is a key public document, published alongside the Statement of Accounts each year, and is subject to review by external audit, providing essential transparency regarding the Authority's governance arrangements.

## RECOMMENDATION

Members are requested to:

1. Approve the 2024/25 Annual Governance Statement (paragraphs 6 to 12 and **Appendix 1** refer).

**LEAD/CONTACT OFFICER:** Director Finance – Barrie Fullbrook
**CONTACT DETAILS:** T: 01622 692121 / E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS:** None

## COMMENTS

### Background

1. Governance, as defined by CIPFA (Chartered Institute of Public Finance and Accountancy) in their 'Delivering Good Governance in Local Government Framework, 2016', refers to: "*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*". The requirement to ensure good governance is firmly enshrined in regulation. Specifically, Section 3 of the Accounts and Audit (England) Regulations 2015 mandates that the Authority maintains a sound system of control to effectively manage its functions, finances, and risks. Furthermore, Section 6 of these Regulations stipulates the necessity of conducting an annual review of the effectiveness of the systems of internal control.

2. The Annual Governance Statement provides an analysis of the Authority's governance arrangements and systems of internal control along with an assessment of their effectiveness. The draft 2024/25 Annual Governance Statement was published on the Authority's website on 30 June 2025 alongside the draft (pre-audited) 2024/25 Statement of Accounts. Following its formal approval by Members, the final 2024/25 Annual Governance Statement will be published alongside the final audited 2024/25 Statement of Accounts.

3. The main aim of the Annual Governance Statement is to provide clear and transparent evidence that the Authority is effectively managed and delivers its services in accordance with current legislation and its own stated aims, objectives, and values.

4. The Annual Governance Statement and its underpinning review consider the previous twelve months. This means that the processes, systems, and initiatives that were reviewed for the 2024/25 Annual Governance Statement have operated throughout the whole of the financial year ending 31 March 2025 and will have remained in operation up to the date of approval of the draft 2024/25 Statement of Accounts.

### Delivering Good Governance in Local Government: Addendum

5. In May 2025, CIPFA and SOLACE (Society of Local Authority Chief Executives and Senior Managers) issued new guidance concerning the annual review of governance and internal controls, and the preparation of the Annual Governance Statement. This guidance, available as an addendum to the 'Delivering Good Governance in Local Government Framework' will apply to all UK local government statements from the 2025/26 financial year onwards. Accordingly, the current format of the Annual Governance Statement will be reviewed to align with this new guidance in preparation for the 2025/26 Annual Governance Statement. The new guidance can be found at Delivering Good Governance in Local Government Addendum.

**Content of the 2024/25 Annual Governance Statement**

6. The 2024/25 Annual Governance Statement provides a comprehensive narrative on the meaning of governance in the context of this Authority, describes how effective governance arrangements are ensured, and details their alignment with the Authority's strategic planning and relevant legislation.

7. A key component of the Annual Governance Statement is the assessment of the Authority's compliance with the CIPFA Financial Management Code, a mandatory framework introduced in April 2020. This Code guides local authorities in achieving sound and sustainable financial management, and the Annual Governance Statement includes a self-assessment against its principles.

8. The Annual Governance Statement is structured around the seven principles of good governance defined in the CIPFA Governance Framework. The Authority's own Code of Corporate Governance embeds these principles, outlining how they are met in day-to-day activities. The self-assessment process for the Annual Governance Statement is built around these principles, involving a review of relevant governance frameworks and controls, supported by evidence and, where available, external independent assurances (e.g. Internal and External Audit reports, HMICFRS inspection reports).

9. An overall assessment rating, consistent with Internal Audit's five-tier (red to green) methodology, provides a summarised account of how the Authority's internal controls, systems, processes, and management arrangements meet the CIPFA framework's principles of good governance. This ensures consistency with the reporting methodology used during other assessments of the Authority's effectiveness.

10. Upon approval by the Committee, the Annual Governance Statement is signed by the Chair and the Chief Executive and subsequently published alongside the final (audited) Statement of Accounts. The 2024/25 Annual Governance Statement is provided at **Appendix 1** for Members review and approval.

**Conclusions from the Self-Assessment**

11. Based on our internal review, the Authority's internal controls for the 2024/25 financial year have been assessed as **SUBSTANTIAL**. This rating signifies that, generally, strong systems and sound controls are in place. Processes will continue to be reviewed periodically to ensure their ongoing efficiency and effectiveness, and targeted training will be provided in specific policy areas, as necessary.

12. Overall, the Authority operates within a well-established and well-documented governance framework, with breaches being rare. All relevant documentation and changes are readily available to colleagues via the intranet. Members regularly receive reports on new or amended policies, supported by procedures and guidance circulated

internally as required. Therefore, Members can be assured that the Authority's arrangements operate effectively, providing the necessary levels of protection.

**IMPACT ASSESSMENT**

13. There are no financial impacts associated with this report.

**RECOMMENDATION**

14. Members are requested to:

    14.1 Approve the 2024/25 Annual Governance Statement (paragraphs 6 to 12 and **Appendix 1** refer).

# Annual Governance Statement 2024/25

## Introduction

Kent Fire and Rescue Service is overseen by a dedicated local authority called the Kent and Medway Fire and Rescue Authority. The Kent and Medway Fire and Rescue Authority ('the Authority') is responsible for maintaining a sound system of internal control that supports achievement of its policies, aims and objectives whilst safeguarding public funds and the organisations assets. In this Authority, approval of the final accounts and the Annual Governance Statement (AGS) has been delegated to the Audit and Governance Committee.

This statement explains how the Authority has complied with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework' (2016 edition) and meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

This CIPFA framework is the established standard for public sector governance and by adhering to it, the Authority ensures that the services provided to the people of Kent and Medway are delivered efficiently, effectively and fairly, that public money is used wisely, is properly accounted for and achieves optimum value for money.

The Accounts and Audit regulations state that the publication of an annual governance statement in accordance with the principles of the CIPFA framework fulfils these statutory requirements. It is for this reason that the assessment takes place against the CIPFA framework.

In discharging these responsibilities, the Authority is required to ensure that appropriate arrangements are put in place for the control and management of its business affairs, service performance and finances, and for the management of the risks it faces. It also makes a commitment to keep under review its governance arrangements and address any key issues that may arise.

## What this statement tells you

This document sets out the results of the assessment for 2024/25 and enables the reader to form a view of how the Authority meets its duty to deliver services to the people of Kent and Medway effectively and fairly.

This statement provides a summarised account, based on a self-assessment of how our internal controls, systems, processes and management arrangements meet the principles of good governance set out in the CIPFA framework. It is written to provide a clear, simple assessment of how the Authority's governance has operated over the past financial year and identifies any improvements made and any weaknesses or gaps in the arrangements that require addressing.

Its main aim is to provide the reader with confidence that the Authority is effectively managed, and delivers the services required in accordance with current legislation and our stated aims, objectives and values.

The review considers the previous twelve months. This means that the processes, systems and initiatives that were reviewed for this annual governance statement have operated throughout the whole of the financial year ending 31 March 2025 and have remained in operation up to the date of approval of the 2024/25 Statement of Accounts.

The Annual Governance Statement is published in draft form alongside the draft Statement of Accounts. Once both documents have been signed off by external audit and approved by the Audit and Governance Committee, the final version of the Annual Governance Statement is published on our website alongside the Statement of Accounts. Paper copies of this report are also available from: Kent Fire and Rescue Service Headquarters, The Godlands, Tovil, Maidstone ME15 6XB, or by telephoning 01622 692121. We will also accept requests made via social media.

## Relationship with the Fire and Rescue National Framework Statement of Assurance

Section 21 of the Fire and Rescue Services Act 2004 requires the Secretary of State to prepare a Fire and Rescue National Framework which sets priorities and objectives for fire and rescue authorities in England. The current Fire and Rescue National Framework was published on 1 June 2018.

Fire and rescue authorities have a statutory duty to have regard to the Fire and Rescue National Framework. Consequently, the Authority undertakes a separate self-assessment of operational performance, known as the Statement of Assurance. The Statement of Assurance is the assessment of the position of the Authority against the Fire and Rescue National Framework and is published as a separate document.

This also links to the revised inspection and assurance process for Fire and Rescue Services that was announced in 2017 as part of the reforms carried out by the Home Secretary. Paragraphs 7.4 and 7.5 of the Fire and Rescue National Framework require Fire and Rescue Authorities to co-operate with HMICFRS and give due regard to reports and recommendations made by HMICFRS.

## What is governance?

CIPFA define governance as follows:

*"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."*
*CIPFA, Delivering Good Governance in Local Government Framework, 2016, p12.*

Good governance in public sector organisations is critical as it enables effective organisational structures and processes which, in turn, allow for the attainment of sustainable economic, societal and environmental outcomes. The fundamental function of good governance in the public sector is to ensure that authorities achieve their intended outcomes while acting in the public interest at all times.

Within the Authority, the concept of governance exists against the backdrop of the legal requirement for a review of systems and controls as set out in the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the daily organisational adherence to the principles of good governance contained with the CIPFA Governance Framework.

The CIPFA framework defines the seven principles that should underpin the governance of local government organisations and provides a structure to aid authorities in their approach to governance. The seven principles are set out on page 11 of this document:

CIPFA state that local authorities should be able to demonstrate that their governance structures comply with these seven principles. The principles set out in CIPFA framework are embedded in the Authority through its Code of Corporate Governance. This is the means through which the Authority applies the principles of good governance and sets out how the Authority meets each of the principles in its day-to-day activities. However, the launch of the Financial Management (FM) Code 2019 highlights an important focus on improving financial resilience and embedding enhanced standards of financial management. There are therefore clear links between the FM Code and the Governance Framework, particularly in relation to the focus on achieving sustainable outcomes.

## Who is responsible for ensuring good governance?

The Authority has overall responsibility for ensuring effective governance arrangements are in place, with the Authority meeting three times a year to conduct its business. The Authority is made up of twenty-five elected councillors appointed by Kent County Council (21) and Medway Council (4), an Independent Member as well as the Kent Police and Crime Commissioner.

In October 2021, the Authority established a new committee, the Audit and Governance Committee. The purpose of this committee is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. Meeting three times per year, it provides an independent review of Kent and Medway Fire and Rescue Authority's (KMFRA) governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It also oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It is also responsible for signing off the final accounts and this AGS for the relevant financial year. The lead officer is the Director of Finance and there are ten elected Members from the Authority and one Independent Member.

The Chief Executive has management responsibility for ensuring that effective controls and processes are implemented across the Authority in compliance with the Code of Corporate Governance, and these are regularly reviewed and updated with reports submitted to the Authority. The Director of Finance is responsible for ensuring that effective financial controls are in place, the provision of an effective internal audit function, and for reviewing the overall effectiveness of the Governance Framework. However, the whole corporate leadership team has collective responsibility for setting the strategic direction and managing the finances, albeit the Director of Finance leads in coordinating and facilitating a culture of efficiency and value for money.

The responsibility for ensuring that appropriate systems of internal control are introduced and complied with, remain effective and are regularly reviewed, is delegated to a number of senior managers at Director or Assistant Director level across the Authority. They are charged with delivery of those functions incorporated within each of the functional elements comprising the overall Governance Framework. Where the Authority has developed arrangements to work in collaboration with other fire and rescue authorities or other public bodies, such as the police, every effort is made to ensure that the principles of good governance that are in place within the Authority also operate within the management processes of those collaborative arrangements.

## Governance, strategy and planning – how does it all fit together and interact?

At the heart of the organisation is our vision, aim and objectives; these are supported by our customer promise.

The first stage in developing the Authority's plans is to consider the long-term aim and objectives. A ten-year horizon scan of emerging issues in Kent, the UK and globally was undertaken to create the Customer Safety Plan 2021 to 2031. The next stage is analysing the risks and issues to get more detailed information for planning. A network of sources such as the National Risk Register, the Kent Community Risk Register, incident data, and local area risk profiles, amongst other datasets are used. Current and emerging risks which will affect the communities we serve were clarified through a public consultation that was undertaken when the Creating a Safer Future - Together: Risk Assessment was published in October 2023. The consultation generated the highest number of responses to any Community Risk Assessment consultation undertaken by the Authority and identified overwhelming support for both the risks identified and the areas of focus set out in the document.

Following the consultation, the Creating a Safer Future – Together: Our Delivery Plan 2025-29 was approved by Members in July 2024. This sets out the future strategic direction, priorities and actions required to address the risks and strategic challenges identified, including ensuring effective integration of actions from our Building Safety, Prevention, and Response and Resilience teams. The risk assessment identified seven areas of focus – Climate Change and Environment, Health and Society, Rescues, Major Industry, Buildings and Places, Transport and, Utilities, Fuel and Power.

To assist delivery of our customer facing strategic priorities internal enabling plans have been created for each team within KFRS which details their roles in delivering against the main priorities and measures to allow for clear alignment of activities and our medium-term financial plan. The enabling plans are structured into four areas – People, Digital & Data, Transformation and Customer.

An update on the Delivery Plan 2025-29 will be presented to the Authority in July 2025 with the outcome of the proposed public consultation to be presented to the Authority in October 2025. The Medium Term Financial Plan (MTFP) and Infrastructure Programme reflect the financial implications arising from the Delivery Plan 2025-29.

We publish an Annual Governance Statement (this document), in line with the requirements of the Accounts and Audit Regulations 2015. In addition, we undertake and publish the Statement of Assurance, an annual assessment of the position of the Authority against the Fire and Rescue National Framework 2018.

The CIPFA framework states that each local authority should be able to demonstrate that its governance structures comply with the seven principles of good governance in the public sector. In order to achieve this a local authority should develop and maintain a local Code of Governance that reflects these principles. For the Authority, this requirement is met through the publication of our Code of Corporate Governance. This is reviewed annually and

was last updated in October 2024. The Finance team also carries out an annual review to ensure that our policies and procedures align to the CIPFA Financial Management Code guidelines. This exercise was completed and reviewed by the Director Finance and Corporate Services in November 2024.

## Key pieces of legislation and guidance

The key pieces of legislation relating to the Authority's governance arrangements and operations as a fire authority are as follows:

Accounts and Audit (England) Regulations 2015 – This legislation is what requires the Authority to undertake a review of its systems of governance and internal control. The Annual Governance Statement is the report of this review. Amendments to the regulations were published in 2022 and 2024.

Kent Fire Services (Combination Scheme) Order – This is the Order made by Parliament which first established the Authority. It contains the Constitution of the Authority and prescribes the arrangements for the Authority to take over responsibility for Kent Fire Brigade from Kent County Council on 1 April 1998.

County of Kent Act – This covers access for the fire service to new and extended buildings.

Fire and Rescue Services Act 2004 – This outlines the duties and powers of fire authorities to promote fire safety; fight fires; protect people and property from fires; rescue people from road traffic collisions; deal with other specific emergencies, such as flooding or terrorist attack and other activities in response to the particular needs of their communities and the risks they face.

The Building Safety Act 2022 – this provides a new framework for the design, construction and occupation of "higher risk" buildings (defined as those having at least 18 meters or 7 storeys or more that comprise of at least 2 domestic premises). The Act introduces a strengthened regulatory regime improving accountability, risk management and assurance by ensuring the 'golden thread' of safety information regarding how the building has been designed, built and managed is stored and shared throughout the entire life of the building. The Act has 6 Parts, and contains provisions intended to secure the safety of people in or about buildings and to improve the standard of buildings by putting residents at the heart of cultural change in the built environment that will be enforced by the Building Safety Regulator. Amendments to the Building Safety Act were enacted through the Leasehold and Freehold Reform Act 2024.

Regulatory Reform Fire Safety Order 2005 – This covers fire safety in public, commercial and industrial buildings along the common parts of blocks of flats. This is the legislation that gives KFRS powers to undertake fire safety inspections and prosecute breaches of the order. Section 156 of the Buildings Safety Act 2022 makes a number of amendments to the Regulatory Reform (Fire Safety) Order 2005 (FSO) to improve safety in all buildings regulated by the FSO. These improvements form phase 3 of the Home Office fire safety reform programme.

Civil Contingencies Act 2004 – This sets out the framework for civil protection in the United Kingdom. It imposes a clear set of roles and responsibilities on those organisations with a role to play in preparing for and responding to emergencies. KFRS is one of those organisations.

Fire and Rescue National Framework for England – Published by the Home Office, this presents the government's priorities and objectives for fire and rescue authorities. Fire and rescue authorities have a statutory duty to have regard to this.

Local Government Act 1972 – This makes provision with respect to local government and the functions of local authorities in England and Wales. This legislation sets out the role of the Section 151 Officer (Director of Finance) and the financial regulations under which we operate. The Kent Fire Services (Combination Scheme) Order references the fact that KFRS will abide by the Local Government Act 1972.

Financial Management Code 2019 – provides guidance for good and sustainable financial management in local authorities. The FM Code offers assurance that authorities are managing resources effectively, regardless of their current level of financial risk.

# The Assurance Process – How we provide and use assurance information

| IDENTIFY | ASSESS | REVIEW | ACT |
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| **What do we want assurance on?** | **How is that assurance provided?** | **How is that assurance reviewed and validated?** | **What do we do with the information received?** |
| • That we comply with our Code of Corporate Governance<br>• That we deliver the services, and objectives set out in our Customer Safety Plan<br>• That we take account of the views of stakeholders and customers<br>• That we use and account for public money properly<br>• That the risks we face are effectively managed<br>• That we comply with legislation, regulation and statutory guidance<br>• That we get the best out of our Members and employees<br>• That we collaborate effectively where it improves services<br>• That we demonstrate high standards of ethical behaviour | • External Auditor's Reports<br>• Internal Auditor's Reports<br>• HMICFRS inspection reports<br>• Feedback received from our customers and partners<br>• Senior managers' self-assessment of key controls, including compliance with the CIPFA statement on "The Role of the Chief Financial Officer in Local Government"<br>• Operational Assurance processes<br>• Performance and risk monitoring and reporting<br>• Continuous coaching dialogue and performance management<br>• Comparison with our peers<br>• Awards and accreditations received | • An annual performance report is presented to Members via the Authority<br>• Regular reports reviewed and monitored by Corporate Management Board and the Strategic Leadership Board<br>• Regular monitoring of key performance information<br>• Publishing of key performance information and data for public access and scrutiny<br>• Regular reports and information to Government Departments<br>• External and Internal Audit validation<br>• Public scrutiny and challenge of key performance and financial information published on our website | • Communicate our results to the public<br>• Consider the findings, learn from the information received, and respond accordingly<br>• Update our plans to deliver improvements<br>• Revisit our key controls and make improvements where required<br>• Provide additional training and support where needed<br>• Monitor the achievement of the changes we make and the direction of travel<br>• Develop a specific action plan to deliver any governance improvements required<br>• Learn from experiences and continually look to improve |

# How did we do?

The overall level of assurance is assessed against a five-tier RAG (red, amber, green) rating. The criteria that inform this rating are drawn from the definitions in the assurance levels used by Internal Audit – this ensures consistency with the reporting methodology used during these other assessments of the Authority's effectiveness. These are displayed on page 38 of this Statement.

As previously stated, the review uses the structure and takes place against the seven principles of the CIPFA Framework of Good Governance in the Public Sector.

This 2024/25 review was undertaken between April and May 2025 and has been informed by the following:

- The views of the External Auditor, in the; External Auditor's update of the statement of accounts 2023/24 and letter of representation for 2023/24 and; the Audit Risk Assessment for 2024/25 presented to the April 2025 Audit and Governance Committee. An 'unqualified' audit opinion has been issued for the 2023/24 financial statements.
- The views of the Head of Internal Audit contained in the Internal Auditor's Annual Report 2023/24 presented to the April 2024 Audit and Governance Committee meeting and the Internal Audit 2024/25 progress report presented to the April 2025 Audit and Governance Committee meeting. The Internal Audit Annual Opinion for 2024/25 is due to be presented to the Audit and Governance Committee in September 2025. There have been six audits completed to date; three awarded a 'High' opinion and three awarded a 'Substantial' opinion.
- Ongoing self-assessments undertaken by senior officers responsible for functional areas of the Service and validated by the Corporate Management Board, including the level of awareness of the role and interrelationship between control systems,
- In-depth evaluation of the six strategies, including maturity level re-assessment, for the last strategic period of 2021-2024. This was presented to Members at the July 2024 Authority meeting and the October 2024 Authority meeting. This included a review of incident response time standards and a proposal to categorise incidents into emergency and non- emergency incidents, urban and rural locations for reporting purposes. Response time targets will be set for each category and monitored accordingly. This will not reduce our capability to respond but will provide increased transparency, improved alignment of prevention activities and better use of emergency resources according to the nature of the incident. The proposal will require public consultation before implementation.
- The extensive evaluation of those six strategies lead to a refreshed approach to the Community Risk Management Plan (CRMP) and its risk analysis (peer reviewed by Hampshire and Isle of Wight Fire and Rescue Service).
- External awards and recognition, including the Authority being awarded: -
    - 'Outstanding' by HMICFRS in the 2021/22 Inspections for the category of Efficiency and 'Good' for the areas of Emergency Response and People. The Authority was congratulated by His Majesty's Inspector of Fire and Rescue Services for "its performance across all three areas of our assessment. Since the last inspection, it has improved in almost all areas. There are many positives to report. The

service thoroughly understands risk and prioritises accordingly, showing some very innovative and clear planning." Round Three inspections were conducted at the start of 2025 and the Authority is currently awaiting the results of the assessment.
    - The first Fire and Rescue Service to receive the Pride in Care Standard for commitment to equality, diversity and inclusion.
    - Defence Employer Recognition Scheme Gold Award supporting our Armed Forces.
    - Stonewall Diversity Champion Programme
    - Investors in Volunteers – for good practice in volunteer management
    - An awarding centre for Skills of Justice (SFJ) Incident Command Programmes.
    - Platinum Medway Workplace Wellbeing Award 2025.
- The risk management process including a review and update of the Corporate Risk Register that went to the April 2024 meeting of the Authority's Audit and Governance Committee and in-year review to the January 2025 Audit and Governance Committee meeting. The Audit and Governance Committee review the Corporate Risk register annually.
- An annual review of the Authorities Code of Corporate Governance and it's alignment with the CIPFA Governance Framework and the CIPFA Financial Management Code.
- An annual Statement of Assurance to assess the operational performance position of this Authority against the Fire and Rescue National Framework
- Campaigns, open days and public awareness events to support the community of Kent and encourage greater interaction with our service. This includes Is Your smoke Alarm Out of Date and Make The Right Call Water Safety Campaigns, SeaFit Event, The Neighbourhood Meet and Greet events, Seasonal Station Open Days, Rural Pop Up Days, Pride, Carer and Dementia Events and Public Access Defibrillator (PAD) awareness sessions**.**

## The level of assurance for 2024/25

On the basis of our internal review of the operation of the Authority's internal controls, the level of assurance for the 2024/25 financial year has been assessed as **SUBSTANTIAL**. This indicates that in general strong systems and sound controls are in place, but processes will be reviewed periodically to ensure that they remain efficient and effective. However, training and development in policy areas will be continually reviewed and undertaken, as necessary.

Our analysis of the assurance available against the CIPFA principles of good governance is set out on pages 12 to 36 of this Statement. This identifies the information used to provide assurance of the effectiveness of the controls in place. Senior management will monitor delivery of the agreed improvements.

## Business post the coronavirus pandemic

At the start of the Coronavirus pandemic the Authority's corporate teams and flexi-duty operational officers effectively transitioned to fully working from home without disruption to the delivery of services. This was possible due to the strength and resilience of the Authority's IT infrastructure and robust processes and policies. This has enabled a more agile way of working, since the pandemic, where colleagues can now work flexibly between fire service premises and their home. In doing so we have adopted a 'hot desk' approach which has allowed us to re-evaluate and reorganise our office spaces, allowing for better use of our premises.

Although operational activities have returned to pre pandemic levels the Authority is not complacent to the potential ongoing impact of other pandemics in the future. We continue to monitor Government guidance to ensure that robust processes are in place to protect the public and service colleagues whilst carrying out their duties.

## Compliance with the principles of the Financial Management Code

Following issues over the past few years with financial management and corporate governance in some local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA - the professional institute for accountants working in the public services and other bodies where public money needs to be managed) reviewed its guidance and issued the 'Financial Management Code.' This mandatory Code provides guidance for good and sustainable financial management in local authorities. The intention is that by complying with the principles and standards within the Code, local authorities will be able to demonstrate their financial sustainability. The Code came into effect from 1 April 2020, with a full implementation deadline of 31 March 2021. The Financial Management Code is based on six core principles:

1. **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into the organisational culture.
2. **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
3. Financial management is undertaken with **transparency** as its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
4. Adherence to professional **standards** is promoted by the leadership team and is evidenced.
5. Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
6. The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

In February 2021 a report on Financial Governance was presented to the Authority, setting out an overarching summary of the key financial governance changes that affected the Authority from April 2021 onwards. It highlights the importance of a number of key documents. Firstly, the creation of the Financial Management Code, to support good practice in financial management and financial sustainability, based on the six core principles set out above. Secondly, the National Audit Office Code of Audit Practice set out the requirements of auditors to fulfil their statutory responsibility, with the biggest area of change being the focus on value for money and the need to provide a separate opinion on value for money. This focusses on ascertaining if the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Value for Money Review for 2023/24 identified no significant weakness in any of the three reporting areas although does recommend: more detailed and timely performance data to be available on the KFRS website, greater analysis of below target performance reporting to Authority and an enhancement of procurement policy documents. Finally, there is the outcome of the independent Redmond Review 2020 carried out by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting of local authorities. The review made a number of recommendations to Government, some of which are in place and others are yet to be fully enacted by Government. All of these documents have been influential in establishing the future framework for strong financial governance across this Authority. More recently the Government consulted on Local Audit Reform and set out their proposed strategy for overhauling the audit system - this Authority responded to the consultation and continues to watch for any updates.

As a consequence of these documents being issued, the Authority undertook an initial self-assessment of the level of compliance with the Code, with an Action Plan being developed setting out a number of actions that needed to be progressed. Good progress has been made against the Plan and actions are now embedded across the organisation. Enabling Plans have been developed to support the Creating a Safer Future – Together: Our Delivery Plan 2025-29 which were agreed by the Authority in July 2024. These set out the medium-term approach and deliverables for the Service and influence the Medium-Term Financial Plan. Steering Groups monitor progress and delivery on a regular basis.

By working in four-year strategy periods, we can create clarity of purpose and support effective action planning (the governance structure for our CRMP process). To ensure we can deliver our strategic priorities and actions, we have produced enabling plans, which highlight the work required from our support teams to allow us to deliver front line services. This provides clarity on work plans and the change management mechanisms for the next strategy period.

## Assessment of the Authority's compliance with the CIPFA framework

This statement provides a summarised account, based on a self-assessment, of how our internal controls, systems, processes and management arrangements meet the principles of good governance set out in the CIPFA framework. The seven principles are as follows:

**Principle A** Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
**Principle B** Ensuring openness and comprehensive stakeholder engagement.
**Principle C** Defining outcomes in terms of sustainable economic, social, and environmental benefits.
**Principle D** Determining the interventions necessary to optimize the achievement of the intended outcomes.
**Principle E** Developing the entity's capacity, including the capability of its leadership and the individuals within it.
**Principle F** Managing risks and performance through robust internal control and strong public financial management.
**Principle G** Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Against each of the principles, examples are provided demonstrating how the Authority complies with each of them.

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| **Principle A**<br>Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. | **Employees' and Members' commitment to ethical standards in daily activity.**<br><br>Code of Ethical Conduct - In 2021 the Authority developed a Code of Ethical Conduct reflecting the fact that our behaviour is central to serving our customers effectively. It aims to ensure that the resources, policies and procedures are all in place, so that our organisation acts in accordance with the Code. This Code sets out the requirements to enable all KFRS colleagues to fulfil their obligation to act in the best interests of our customers, to act appropriately both inside and outside work and to remain compliant to the policies and frameworks that affect Kent Fire and Rescue Service. Through adhering to this Code, everyone strives to create a positive, responsible, innovative, open and constructively challenging working environment. A place where ability and delivery are valued, encouraged, developed and rewarded. The Code is kept under review and updated periodically to enhance, when necessary, the Ethical Code around various issues.<br><br>In May 2025 CIPFA produced an addendum to the Delivering Good Governance in Local Government Framework. This addendum is the first update of the guidance since 2016 and replaces chapter 7 of the Framework publication however the 2016 publication and the seven principles of good governance remain unchanged. The new requirements apply from 2025/26 onwards. The code now requires that we demonstrate:<br><br>• How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted. In KFRS this is supported by the Anti-Fraud and Corruption Framework and associated policies which were reviewed by Members of the Audit Committee at the November 2024 meeting and through biannual review of the Fraud and Corruption Plan, the latest being for 2025-27.<br>• How all those in governance roles and senior managers demonstrate their leadership of an ethical culture. Within KFRS this is supported by the Behaviours and Culture Framework which identifies those positive leadership behaviours expected from all levels within the Service including 'being professional and ethical'.<br><br>Code of Conduct for Members of the Fire Authority. When undertaking the business of the Authority, it is a requirement for all Members of the Authority to conduct themselves in accordance with our values and ethics. It also sets out the mechanism by which inappropriate or unethical behaviour can be reported and investigated.<br><br>We publish an annual report on Members' standards, allowances and travel expenses.<br><br>The Gifts and Hospitality Code of Practice, which has recently been reviewed and updated, sets out the rules and guidance on receiving and giving gifts, hospitality and sponsorship, and forms part of the Authority's Code of Ethical Conduct. |

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| | The Bullying and Harassment Policy makes clear the expectations on all of our employees and ensures we understand our responsibilities. Its purpose is to promote and support a working environment and a culture free from bullying and harassment. Integrating actions across wellbeing, inclusion, learning organisation, and professionalism, along with anti-bullying and harassment campaigns and a tough line on performance have seen significant progress in how colleagues work together to achieve our priorities and enjoy working for KFRS.<br><br>In April 2024, KFRS took part in the Southeast Employers Bullying and Harassment Survey. Most respondents agreed or strongly agreed that bullying behaviour was addressed appropriately within the Service and allegations were taken seriously (79%), they felt safe to raise concerns (78%) and able to challenge inappropriate behaviour (78%).<br><br>The Supporting Employees Experiencing Domestic Abuse Policy sets out our commitment to treat domestic abuse seriously, understand the risks and consequences in the workplace and provide our full support to the colleagues who experience any form of domestic abuse.<br><br>Our 'Everyone Together Programme' Steering Group meets regularly to align our external and internal inclusion agenda. The following colleague forums are also in place: Gender; Cultural Differences; Disability & Neurodiversity; LGBTQ+. Key insights and recommendations from the forums align to our CRMP and are shared and discussed service wide via our monthly One Team updates.<br><br>**Commitment to ethical standards in how we handle and process personal data**<br><br>Data Protection and Information Security Policy. This sets out our commitment to data protection and processing personal data in line with the requirements of the UK GDPR and the Data Protection Act 2018. It also sets out the process by which data incidents are recorded and investigated and, where appropriate, reported.<br><br>**Effective arrangements for dealing with any breaches of law, corruption, or misuse of power.**<br><br>Monitoring Officer - All local authorities are required by the Local Government and Housing Act 1989 to appoint a Monitoring Officer whose statutory duty is to report to the Authority on any proposed actions which may contravene the law or constitute maladministration. To help fulfil that requirement the Monitoring Officer reviews all reports prior to their submission to an Authority or Audit and Governance Committee meeting. In July 2024, the Authority approved the appointment of a new Monitoring Officer from Mid Kent Legal Services for a two year term with an annual contract review. |

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| | Code of Corporate Governance - In line with the CIPFA Governance Framework, this sets out the seven key principles of good governance which represent the core philosophy of the Authority and by which these principles are adhered to and evidenced. An annual review of the Code was completed in October 2024 where minor amendments to terminology were made. Additionally, the Code of Corporate Governance was cross-referenced to the Authority's Statement of Assurance (which was approved by Members at the meeting of the Authority on 17 October 2024). The updated code was approved at the January 2025 Audit and Governance Committee meeting.<br><br>The Authority has an effective and up-to-date suite of policies covering anti-bribery, anti-fraud and corruption and anti-money laundering. Each of the Policies were reviewed in October 2024 and submitted to the November 2024 Audit and Governance Committee for approval.<br><br>Our Speak Up Policy ensures arrangements are in place to give colleagues the confidence to challenge and report allegations of inappropriate behaviour and gives the Authority the means to investigate such reports. There is a formalised process for managing allegations against staff, previously part of the feedback policy, to ensure it is as effective as possible.<br><br>**Commitment to ethical standards in relationships with our suppliers, service providers and partners.**<br><br>The Modern Slavery Policy sets out our commitment to ensure modern slavery is not taking place anywhere in our own business, in any of our supply chains and to be sufficiently trained to identify risks when performing our front-line services. Equality in Procurement at Kent Fire and Rescue Service. In response to the Equality Act 2010 and our own values in promoting equality in everything we do; we want people who work with us to also demonstrate the same commitment to fairness and equality. To this end we have a formalised approach to Equality in Procurement at Kent Fire and Rescue Service. We consider it necessary for organisations who intend to supply goods, works or services to us or on our behalf to demonstrate that reasonably practical steps have been taken to allow equal access and treatment in employment and services for all and can give evidence of their approach to meeting the requirements of the law. |
| **Principle B**<br>Ensuring openness and comprehensive stakeholder engagement. | **Provide a simple process for engaging with, and seeking information from us about our decisions, services and plans.**<br><br>The Community Risk Management Plan is set for a 4 year strategy period. The CRMP process builds upon the 10-year analysis of the key societal, economic, technological and environmental changes that were set out in the 2022 Safety Plan. The new strategy period for 2025 to 2029 commenced with a comprehensive community risk analysis and assessment, in line with the National Fire Chiefs' Council's "Community Risk Management |

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| | Planning Strategic Framework", the seven principles of public life (Nolan principles), and the Gunning principles (complete transparency and not making decisions until we have consulted with our customers).<br><br>The Authority undertook public consultation on those identified risks and our proposed actions in the "Creating a Safer Future – Together" document which ran between 01 November 2023 and 01 February 2024. Following responses to the consultation a Delivery Plan has been created on which there will be further public consultation later this year.<br><br>The purpose of consultation is to provide the people of Kent and Medway with an opportunity to comment on the potential key risks and proposals for the future. On the basis of the feedback that we receive through the consultations this provides us with a basis on which to develop our service delivery plans for the future. Consultation is not only undertaken with members of the public but also businesses and community groups.<br><br>**Provide a simple process that encourages feedback from services users and consider these in our decision making.**<br><br>Customer Feedback Policy - This policy ensures that feedback received by the Authority is dealt with fairly and properly. The Authority is committed to transparency and an analysis of feedback received is reported to the Authority annually in a publicly available report.<br><br>The Authority also offers several communication channels, including social media, through which the public are able to get in contact, provide feedback and offer their views.<br><br>Community Right to Challenge Policy. This is in line with the Localism Act 2011, which enables community and voluntary groups, town and parish councils and mutual organisations formed by the Authority's employees to express an interest in running a service or part of a service on behalf of the Authority. It also clarifies the Authority's obligations to consider such expressions of interest and undertake a procurement exercise for the service concerned, where an expression is accepted. This policy is currently being updated.<br><br>We consistently receive high volumes of positive feedback, maintaining a Net Promoter Score in the mid-nineties across all surveys, indicating that customers would actively recommend our services, rather than passively receive them. Complaint levels remain low, and any issues identified are immediately addressed by the Customer Experience Team and the relevant department lead to identify causes and resolve them quickly. Therefore, our internal feedback continues to reflect high levels of customer satisfaction and service quality. |

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| | **Openness in the structure and meetings of the Fire Authority**<br><br>Meetings of the Fire Authority and the Audit and Governance Committee are open to the public and agenda packs, reports and minutes are made publicly available.<br><br>In addition, the following documents relating to the governance of the Fire Authority are made publicly available:<br><br>Standing orders - These are rules for the operation of Authority and Committee meetings.<br><br>Scheme of Delegation of Powers to the Chief Executive - This sets out those decisions which can only be taken by the Authority or the Audit and Governance committee (i.e. by Members of the Authority), and those which can be taken by the Chief Executive or other officers.<br><br>Convention on Member and Officer relationships - This deals with the working relationships between Members (both as individuals and collectively within their political groups) and the officers (i.e. paid staff) of the Authority.<br><br>All internal KFRS meetings have been reframed as boards, steering groups or delivery groups and formal 'Terms of Reference' have been created for each. This ensures that the purpose of the meeting is clear and maximises productivity and efficiency. Performance updates for each meeting group is regularly reported to Corporate Management Board.<br><br>A Policy Board is in place and serves as KFRS's scrutiny and an advisory body when drafting and updating a policy or Memorandum of Understanding (MOU). This allows for open, transparent and internal stakeholder engagement and challenge and ensures that unintended cross-team impacts can be avoided.<br><br>**Stakeholder engagement**<br><br>Freedom of Information Policy - This ensures that the public are made aware of their rights and the Authority's responsibilities in relation to the Freedom of Information Act 2000 and access to information held by public authorities.<br><br>Subject Access Request Policy - This sets out the rights of the public under the UK GDPR over their own data and the responsibilities of the Authority in respect of those rights. |

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| | All projects or process changes require a people impact assessment to be completed to identify all internal and external customers impacted by the decisions made. This engagement allows for issues, pressures and benefits to be identified from the start and encourages better engagement from those potentially affected. |
| **Principle C**<br>Defining outcomes in terms of sustainable economic, social, and environmental benefits. | **Set out our vision for the Service detailing our strategies, plans and objectives for the future and the resources to be employed to deliver these.**<br><br>The Fire and Rescue National Framework for England requires every fire and rescue authority to assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national, and prepare an 'Integrated Risk Management Plan', or as it is now referred to within the sector, a 'Community Risk Management Plan' (CRMP).<br><br>In Kent, the process starts with a ten-year horizon scan of emerging risks and issues across the county, the UK and globally, The Customer Safety Plan 2021-2031 sets out our 10-year assessment of risk. The next stage is analysing the risks and issues to get more detailed risk information for planning. We use a network of sources such as the National Risk Register, the Kent Community Risk Register, incident data and local area risk profiles, amongst other data sets. We then clarify and consult on current and emerging risks which will affect the communities we serve for the next few years.<br><br>In July 2024, our 'Creating a Safer Future – Together: Delivery Plan 2025-29' was agreed following an earlier consultation with our customers in our 'Creating a Safer Future - Together: Risk Assessment' which saw more than 1,850 people respond with more than 90% agreeing with our risk assessment and areas of focus set out in the document.<br><br>The areas of focus are grouped under the following seven themes: -<br><br>• Climate change and environment<br>• Health and society<br>• Rescues<br>• Major Industry<br>• Buildings and places<br>• Transport<br>• Utilities, fuel and power<br><br>Our actions are integrated across our building safety, prevention, operational response, resilience and Internal customer services teams. |

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| | To assist delivery of our customer facing strategic priorities, internal enabling plans have been created for each team within KFRS, which details their roles in delivering against the main priorities and measures to allow for clear alignment of activities and our Medium-Term Financial Plan. The enabling plans are structured into four areas – People, Digital and Data, Transformation and Customer. These are underpinned by three key Delivery Plans, for Estates, Digital and Data and Fleet and Equipment from which we set our financial Capital Investment Strategy. Every team at KFRS then has an Annual Plan which delivers against these strategic priorities. Our Medium Term Financial Plan is aligned to ensure our finances are prioritised to deliver the Community Risk Management Plan.<br><br>Medium Term Financial Plan. Our approach to budgeting is sustainable and business-led and is detailed in a document called the Medium-Term Financial Plan. The latest document covers the four-year period from 2025/26 to 2028/29 and underpins the CRMP and associated enabling plans.<br><br>Capital Strategy. The CIPFA Prudential Code for Capital Finance requires Authorities to produce a Capital Strategy which sets out the long-term capital investment for the Authority. It sets out the governance and funding options whilst identifying potential risks to ensure an affordable and sustainable programme of capital investment. The Authority maintains an earmarked Infrastructure Reserve that is fully allocated to help fund the identified 10-year programme.<br><br>Treasury Management and Investment Strategy. The CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code require the Authority to determine and set the Treasury Management and Investment Strategy for the financial year ahead as part of the annual budget papers in February of each year.<br><br>Reserves Strategy. Every year the Authority's Reserve Strategy is reviewed and updated to ensure that it remains relevant and appropriate. There are five earmarked reserves, with by far the largest being the Infrastructure Reserve, which is used to help fund the Authority's Capital Programme and large one-off IT investments. In challenging financial times, it is prudent to maintain an appropriate level of reserves which will help bridge the gap of any shortfall in the annual budget.<br><br>Information about the Authority's reserves is also provided in the external Auditor's annual report for 2023/24.<br><br>**Provide annual reports on our progress in delivering our plans.**<br><br>We provide an annual update on our performance to the Authority in July each year.<br><br>We publish an annual summary scorecard highlighting performance information on our Public Website. |

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| | A Mid-year treasury management and investment update is also presented to the Audit and Governance Committee, alongside the treasury activity undertaken and the extent of compliance with the agreed prudential indicators.<br><br>We also provide updates against the Medium Term Financial Plan and present an end of financial year budget outturn report. The MTFP for 2025/26 – 2028/29 was agreed by Members at the February 2025 Authority meeting and is available on for review on our public website.<br><br>**Identify and manage as far as practical, the key risks and threats to the achievement of our objectives.**<br><br>The Authority maintains a Corporate Risk Register. Twice yearly updates on the Corporate Risk Register are taken to the Authority's Audit and Governance Committee (the latest update was in January 2025). The corporate risk register is kept under regular review, updated as required and key stakeholders kept informed. Our approach to the management of the Corporate Risk Register is to identify our risks into the top strategic risks and other significant corporate risks relating to internally identified risks and those identified through the Community Risk Management Plan. This new approach (including a review of the Integrated Risk Framework, Policies and procedures) was approved by Members at the April 2024 Audit and Governance Committee meeting and was implemented in 2024/25.<br><br>In relation to operational (as opposed to corporate) risk, the Authority also publishes a Risk Profile for Kent and Medway which is an analysis of risk within the county and how this relates to demand for the Authority's services. We have a mature risk assessment process which draws in data from a variety of internal databases and external sources, including the Kent Community Risk Register. A revised risk profile is incorporated into the Corporate Risk Management Plan 2024/25.<br><br>Information security remains a key issue for the Authority. With an increase in collaborative working with other public authorities, as well as an increase in cyber-attacks such as ransomware, phishing and denial of access on public agencies in the UK, has heightened the potential risks. All staff have undertaken compulsory data protection and security training, additional controls have been introduced to limit the risk of unwanted exposure and critical risks, utilising an external partner, are in place. We operate high levels of protection and security and regularly review and test these including an internal review by Internal Audit, that is currently in fieldwork stage.<br><br>The last internal audit review of information governance within the Authority, recorded the assurance level as 'Substantial', confirming that internal control, governance and management of risk are sound overall and that the arrangements to secure governance, risk management and internal controls are largely suitably designed |

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| | and applied effectively. The Internal Audit opinion for 2024/25 is planned to be presented to the September 2025 Audit and Governance Committee.<br><br>In relation to information governance, data protection impact assessments are regularly completed for identified high risk areas in line with Article 35 of the UK GDPR and the European Guidelines on EU GDPR. We have a suite of current and up to date privacy notices freely available on the website.<br><br>**Ensure that our objectives are deliverable and sustainable with the resources available.**<br><br>Value for Money - As part of the annual audit of the financial statements, Grant Thornton, the Authority's external Auditors, are required to give a separate opinion on Value for Money which focusses on ascertaining if the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.<br><br>For the 2023/24 financial year, the opinion and Auditors final report were presented in the Auditors Annual Report at the February 2025 Authority meeting. The review of the 2024/25 accounts is not planned to commence until September 2025.<br><br>The Value for Money Review for 2023/24 identified no significant weakness in any of the three reporting areas although does refer to the Authority's need to provide ensure more detailed and timely performance data is available on the KFRS website, greater analysis of below target performance reporting to Authority and an enhancement of procurement policy documents.<br><br>Our latest inspection by HMICFRS took place in the early part of 2025 carrying out an extensive, robust external validation and accreditation of the effectiveness and efficiency of KFRS. The results of the inspection are not due until August 2025. In the 2022 inspection, we were judged by HMICFRS as 'Outstanding' in the pillar around 'Efficiency' (how we spend public money and use resources) and 'Good' in the two pillars of 'Effective emergency response' and 'People.' Among the findings presented by HMICFRS is that KFRS was judged to be "Outstanding in the way that it uses its resources and manages its budgets to provide an efficient fire and rescue service for the public."<br><br>A review of all KFRS business processes is underway using Lean, 6 Sigma and Business Analysis techniques and methodologies. Each Team within KFRS also create an annual Team Plan identifying business as usual activities, current project pressures, capacity for providing support to other Teams within KFRS and also input requirements of other teams to complete the tasks. All Team Plans are reviewed by Strategic Leadership Board to ensure the appropriate resources and skill sets are available to complete the task or project and resources are correctly prioritised. An annual project plan is also produced to ensure that projects are |

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| | resourced appropriately to gain the most effective and efficient outcome. Any in-year project requests require Corporate Management Board or Strategic Leadership Board approval in order to proceed.<br><br>**Balance social, economic and environmental impacts in our decision making.**<br><br>In February 2022, the Fire Authority approved the Social Value Policy. This policy sets out the Authority's commitment to ensuring that the principles of the Public Services (Social Value) Act 2012 are applied in a way that enables the Authority to maximise economic, social and environmental benefits for our communities in Kent and Medway from our work.<br><br>The Social Value Act requires public bodies to consider opportunities for social value when procuring all goods and services. Social value can be defined as increasing the social, economic and environmental wellbeing of the people we serve. It aims to move beyond making decisions based on financial cost or price alone. Instead, it advocates seeking 'value for money' in its widest sense by considering potential social benefits (involving people, culture and interactions), economic benefits (such as money flow and financial resources) and environmental benefits (involving the place in which people live, the planet and use of resources). Our Modern Slavery and Transparency in Supply Chains Statement 2023/24 recognises our commitment to social value.<br><br>In 2020 the Authority pledged to make itself carbon neutral by 2030 and to achieve this a Climate Action Plan and 'Climate Action Forum' were created to develop ideas to drive change. We currently benefit from the installation of solar panels at many of our buildings and own 50 Self-charging Hybrid Pool vehicles. We have considered the option of investing in carbon offsetting (a cost of over £7m) and upgrading building fabric and services (at a cost of approximately £19m) to meet the 2030 target, which unfortunately are not currently viable options. However, we successfully secured grant funding for decarbonisation specialists to complete decarbonisation plans for our estate, to identify areas for improvement and its associated costs. We will regularly review the availability of grants that could assist us in achieving our goals and consider more eco-friendly products to assist with carbon reduction. This includes moving towards a more electrified vehicle fleet, education and behavioural changes to working routines among our colleagues and encourage environmentally sustainable practices by our suppliers. Sadly, achieving carbon neutrality by 2030 is highly unlikely and therefore we will be proposing to amend our target to 2050 to Members at our July Authority meeting, which will align us with the UK Government and the majority of local authorities in Kent and Medway.<br><br>As part of our Climate Action Plan, we have acquired a Fire and Rescue Service bespoke interactive environmental training module that takes the learner though an ideal 'green' fire station. This has been developed in line with Environment Agency guidance and endorsed by the NFCC and the Fire Brigade Union. |

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| | A memorial garden and the provision of bird and bat boxes have also been created around our premises by our internal Climate Action Group members. |
| **Principle D**<br>Determining the interventions necessary to optimize the achievement of the intended outcomes. | **Ensure Members receive accurate and timely information for relevant decisions.**<br><br>The Fire Authority normally meets three times per year (February, June / July and October), as does the Audit and Governance Committee (April, September and December/January). In accordance with the Scheme of Delegation of Powers to the Chief Executive all relevant items for decision are taken to the appropriate and relevant committee for scrutiny and approval and the minutes of each meeting are available to the public.<br><br>**Consider any feedback from customers in assessing options for service change.**<br><br>We strive to be high performing for our customers and deliver our CRMP. We have used the concept of customer (internally and externally) to drive improvements to how we add value at every contact with people we serve. The Customer Experience Team continue to monitor formal feedback streams across departments, with over 1500 responses received in the past year. We consistently receive high volumes of positive feedback, maintaining a Net Promoter Score in the mid-nineties across all surveys, indicating that customers would actively recommend our services, rather than passively receive them. Complaint levels remain low, and any issues identified are immediately addressed by the Customer Experience Team and the relevant department lead to identify causes and resolve them quickly. Therefore our internal feedback continues to reflect high levels of customer satisfaction and service quality.<br><br>**Put in place a robust planning process that matches outcomes with needs, resources and capacity.**<br><br>Reviews are undertaken to evaluate progress against the plans which are regularly reported to the meetings of the Authority and Audit and Governance committee.<br><br>Home Fire Safety Visits – 15,301 Home Fire Safety visits and 12,206 Safe and Well visits were completed within the year by stations, the HFSV Task Force and Safe and Well Team. This is above the target of 15,000 home fire safety visits and 10,000 Safe and Well visits. For the 2025/26 year, the target remains at the same level in order to ensure we reach the people most at risk across Kent and Medway. We have also introduced annual 'Together Days' where colleagues from support teams work alongside Firefighters and Customer Safety teams to deliver Home Fire Safety visits to our customers.<br><br>A review of all KFRS business processes is underway using Lean, 6 Sigma and Business Analysis techniques and methodologies. Each Team within KFRS also create an annual Team Plan identifying business as usual activities, current project pressures, capacity for providing support to other Teams within KFRS and also input |

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| | requirements of other teams to complete the tasks. All Team Plans are reviewed by Strategic Leadership Board to ensure the appropriate resources and skill sets are available to complete the task or project. An annual project plan is also produced to ensure that projects are resourced appropriately to gain the most effective and efficient outcome. Any in year project requests require Corporate Management Board approval in order to proceed.<br><br>**Produce a sustainable budget and financial plan to support our plans and objectives over the medium term.**<br><br>Medium Term Financial Plan. Our approach to budgeting is sustainable and business-led and is detailed in a document called the Medium-Term Financial Plan. The current document covers the four-year period from 2025/26 to 2028/29 and underpins the CRMP and associated enabling plans. In addition, we publish a ten-year capital strategy which presents an outline of the long-term capital investment planned for the Authority. The MTFP for 2025/26-2028/29 and associated financial strategies (Capital Strategy, Treasury Management and Investment Strategy and, Reserves Strategy) were agreed at the February 2025 Authority meeting.<br><br>**Establish a set of robust and challenging performance indicators against which to measure our achievements.**<br><br>In relation to operational performance, annual updates are taken to the Fire Authority.<br><br>We have evaluated our last strategy period through a series of workshops and reviews. There were two sections in this evaluation of the last strategy period 2021- 2024. The first looked at projects and specific actions whilst the second is broader and looks at what has been happening across systems and approaches in KFRS. A full review of our performance against our strategies for strategy period 2021 to 2024 was completed and presented to Members at the July 2024 Authority meeting<br><br>**Consider the use of collaborative or partnership working as a means of delivering services where a strong business case exists and services can be improved.**<br><br>Partnership working is a key feature of how the Authority operates and we continue to develop strong and lasting working relationships with Kent Police, SECAmb, other fire and rescue services, local authorities, NHS clinical commissioning groups, and many other agencies. The hosting of the Kent Resilience Forum by the Authority and the associated input of our colleagues into the Forum's Covid-19 response and recovery groups has been fundamental to the positive impact of the Forum on the Kent response to the pandemic. |

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| | The Authority is working with three other Fire Authorities in a Networked Fire Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services.<br><br>Collaboration of other Fire Services:<br><br>• on procurement of new Incident Command Units and Breathing Apparatus.<br>• on a service-level agreement for cross-border exercising and risk-information sharing.<br>• on a service level agreement with Fire Services and the ambulance service (SECAmb) on standardising FRS assistance to ambulance calls.<br>• Collaborating with other fire Services to develop new ways of operational working including risk information processes, protection training courses and knowledge sharing.<br>• Our Protection Team run regional training sessions with other FRS to share and embed learning. |

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| **Principle E**<br>Developing the entity's capacity, including the capability of its leadership and the individuals within it. | **Regularly review the Authority's activities and processes, to ensure they remain effective and fit for purpose.**<br><br>As set out in our Response and Resilience Strategy 2021 to 2025, we actively seek opportunities to improve what we do against clear standards. We are committed to learning from the experiences of our customers, partners, and colleagues. We will continue to embed a culture of learning that allows us to deal with new situations and problems. This drives innovation and allows us to become more skilled and experienced. We proactively seek out feedback and use our assurance processes to measure the effectiveness of changes we make.<br><br>We have evaluated our last strategy period 2021- 2024 through a series of workshops and reviews. There are two sections in this evaluation: the first looked at projects and specific actions whilst the second is broader and looks at what has been happening across systems and approaches in KFRS. A full review of our performance against our strategies for strategy period 2021 to 2024 was completed and presented to Members at the July 2024 Authority meeting<br><br>Engagement with the Fire Standards Board. Since the introduction of the Fire Standards Board, the Authority has been an active and engaged participant in the development of the new fire standards which were launched in April 2023. The Authority has a strategic approach to communications and engagement with clear principles |

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| | about how the organisation will effectively communicate with its audiences whilst being mindful of organisational goals of the service and its Core Code of Ethics. These behaviours and principles align to those included in the National Fire Chiefs Council (NFCC) Leadership Framework to ensure all staff understand their responsibilities whilst maintaining a robust Emergency Preparedness and Resilience Fire Standard.<br><br>Introduction of a Professional Standards Team to analyse national fire standards and gaps in our processes and analyse reports such as Grenfell phases 1 and 2 and MEN, and other specialist work.<br><br>Our Assurance Team (created in 2021) work across stations assuring against professional standards and issues of learning linked to risk. Investigations may be required to establish root cause and defined outcomes are reported to stations for action.<br><br>Our Organisational Learning Team carry out debriefs, command reviews and incident debriefs – across response, resilience, protection and prevention - raising key learning points and we ensure this becomes consistent practice (practice shared across several other FRSs). This is aided by a triangulated learning approach for Service exercises to ensure learning has been embedded.<br><br>**Develop a workforce plan that ensures sufficient staff with the necessary skills and knowledge are in place when needed.**<br><br>The enabling plan for Culture – Developing Our People, sets out how we aim to improve organisational performance by ensuring that everyone has the right skills, capabilities and involvement to make life safer for the people of Kent and Medway. Delivery of this plan will ensure that the highest standards of leadership and management are in place to sustain a motivated and engaged workforce. Our Trainee Pathway provides a new approach and philosophy to training wholetime and on-call firefighters which does not extensively tie up training resources but provides trainee firefighters with carefully managed operational exposure within the early weeks of their training.<br><br>We believe our 'Everyone Together' approach assists in an organisational culture which truly embraces the diversity and individuality of people and the need for inclusiveness. The Authority was awarded 'Good' for its People in the HMICFRS inspection that took place in the summer of 2022. We are awaiting the results of the 2025 inspection later this year.<br><br>The Integrated Learning and Assurance Model (ILAM) integrates all operational learning and assurance and continues to evolve under the ILAM framework by integrating Firepro Skills, FirePro Knowledge and Fire pro sign off (which has centre of excellence level award status). ILAM provides the following benefits: - |

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| | • Assurances that we have an effective, assertive and safe operational workforce. One that has been tested as competent, to respond on behalf of KFRS to the wide range of incidents we attend.<br>• For KFRS colleagues this brings together all the personal development, preparation and activity the service must complete to assure ourselves we are maintaining the high levels of incident response standards, as well as meeting our responsibilities under the Fire and Rescue Services Act 2004 section 7.2.<br><br>Institution of Fire Engineers (IFE) – we obtained membership to the IFE four years ago to provide operational colleagues with a professional accreditation. Membership to the IFE is currently 4 Fellow members, 759 Affiliate members, 119 Technicians, 13 Graduate members, 10 Associate members and 1 Engineering Technician. We are the first Fire Service to have its continuing training programme (SBT) accredited by the IFE to allow colleagues who have completed their FirePro assessment to claim Technician (TIFireE) membership. IFE membership is now a mandatory requirement for all KFRS operational colleagues to successfully obtain the appropriate IFE qualification by 1 September 2028. A review of the IFE qualification and membership will take place in September 2026 to ensure we are on track.<br><br>A Learning and Development Learning Zone has been created and made available to all KFRS colleagues to enable and empower personal and professional development which is in addition to operational skills training. The zone offers courses, coaching, four level leadership development programmes, and eLearning opportunities including videos and podcasts in a wide range of topics such as being effective at meetings, problem solving, IT skills, time management, and confidence building. ‘Good Governance' workshops and financial literacy workshops have been delivered to middle managers, and a ‘Black Box’ thinking and double loop learning approach has been introduced across KFRS. This ensures learning needs are constantly evaluated, gaps and mistakes are identified and positively rectified without blame. This allows for more open and frank feedback from incident and team debriefs leading to better learning outcomes and engagement across KFRS.<br><br>A review of all KFRS business processes is underway using Lean, 6 Sigma and Business Analysis techniques and methodologies. Each Team within KFRS also create an annual Team Plan identifying business as usual activities, current project pressures, capacity for providing support to other Teams within KFRS and also input requirements of other teams to complete the tasks. All Team Plans are reviewed by Strategic Leadership Board to ensure the appropriate resources and skill sets are available to complete the task or project. An annual project plan is also produced to ensure that projects are resourced appropriately to gain the most effective and efficient outcome. Any in-year project requests require Corporate Management Board or Strategic Leadership Board approval in order to proceed. |

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| | **Put in place arrangements for managing the relationship between Members and Officers, including clear written delegations to officers.**<br><br>Scheme of Delegation of Powers to the Chief Executive. This sets out those decisions which can only be taken by the Authority or one of its committees (i.e. by Members of the Authority), and those which can be taken by the Chief Executive or other officers.<br><br>Convention on Member and Officer relationships. This deals with the working relationships between Members (both as individuals and collectively within their political groups) and the officers (i.e. paid staff) of the Authority.<br><br>**Treasurer to the Authority -** is the Director of Finance, a professionally qualified accountant. We follow CIPFA best practice and the Financial Management Code to ensure our Director of Finance is a key member of the leadership team, is actively involved in and able to bring influence on all material business decisions to ensure alignment with the Authority's financial strategy. They lead the Authority on the promotion and delivery of good financial management so that public money is safeguarded at all times and more recently have also delivered financial training across the Authority with supporting videos.<br><br>Monitoring Officer to the Authority – is provided by Mid Kent Legal Services, Head of Legal Partnership and Monitoring Officer for Tunbridge Wells Borough Council. They advise on governance matters and ensure the decision-making processes are lawful and transparent,<br><br>**Monitor and manage the performance of Members and officers in their roles.**<br><br>Code of Conduct for Members of the Fire Authority. There is a requirement for all Members of the Authority to conduct themselves, when undertaking the business of the Authority, in accordance with our values and ethics. The Code of Conduct also contains the mechanism by which inappropriate or unethical behaviour can be reported and investigated.<br><br>We publish an annual report on Members' standards, allowances and travel expenses.<br><br>Code of Ethical Conduct. In 2021 the Authority wrote a Code of Ethical Conduct, and all colleagues were asked to sign the document. This sets out the Authority's values and commitment to fairness and equality. We have also reviewed the recommendations made by the HMICFRS in their Values and Culture in Fire and Rescue Services Report in March 2023. In our 2024 review, we had completed all twenty of the recommendations assigned to KFRS together with one national recommendation. We will review ourselves against the values annually. |

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| | A Benefits Register has been adopted from Government guidance to measure efficiencies in all aspects of the Service on an annual basis. An update on the benefits achieved between 2021 and 2024 were reported to the Authority in July 2024.<br><br>The following policies have been reviewed and updated: - Resolving Working Relationship Concerns and Grievance Policy and Bullying and Harassment Policy.<br><br>**Support officers in managing their health and wellbeing.**<br><br>The Authority takes the health and wellbeing of colleagues (including our volunteers) very seriously. To support colleagues' health and wellbeing, we have introduced the following support services within the 'You Matter- Health and Wellbeing Zone':<br>• A free, 24/7 employee assistance programme. This is a service that helps colleagues who are otherwise struggling to cope to deal with personal problems that might adversely impact their work performance, health and mental and physical wellbeing.<br>• The Fire Fighters Charity 24/7 crisis line<br>• 24/7 wellbeing support through Welfare Support Officers<br>• SHOUT text support<br>• KCC Safe Havens for mental health support<br>• Defusing Tracker for post incident<br>• Wellbeing Champions and Allies network<br>• Mental Health First Aiders<br>• LGBT Network of models and allies<br>• Flexible Rostering for operational crews<br>• A new approach and training for complex lifts to limit back injuries<br>• Online guidance for nutrition and physical fitness<br>• Mental Health and Wellbeing Courses including Men's Health Champions and Talk Club<br>• Maternity Support Network<br>• Wellbeing Self-Assessment Tool<br>• Firefighters Fitness Zone including virtual fitness sessions<br>• KFRS Running Club<br>• Cycle to Work Salary Sacrifice Scheme<br>• A wellbeing room at our Service Headquarters<br>• The HSF (Hospital Saturday Fund) Health Plan<br>• Use of screen readers<br>• Continuous dialogue with Line Managers |

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| **Principle F**<br>Managing risks and performance through robust internal control and strong public financial management. | **Ensure risks are identified and managed effectively.**<br><br>The Authority maintains a Corporate Risk Register. Twice yearly updates on the Corporate Risk Register are taken to the Authority's Audit and Governance Committee (the latest update was in January 2025). The corporate risk register is kept under regular review, updated as required and key stakeholders kept informed. Our approach to the management of the Corporate Risk Register is to identify our risks into the top strategic risks and other significant corporate risks relating to internally identified risks and those identified through the Community Risk Management Plan. This new approach (including a review of the Integrated Risk Framework, Policies and procedures) was approved by Members at the April 2024 Audit and Governance Committee meeting and was implemented in 2024/25.<br><br>Business Continuity Plans are well established and regularly reviewed and include exercises to test our plans.<br><br>The medium-term financial planning that drives the annual budget process is supported by effective risk management and quality supporting data.<br><br>The Authority has a suite of policies to assist with the management of corporate risks. These include the Financial Management Policy, which sets out the approach to having in place proper management and accounting arrangements to ensure the efficient use of resources and to maintain sufficient records to comply with current regulations and legislation. There is also the Exchequer Policy, which commits the Authority to make arrangements for the proper administration of its financial affairs and have in place proper management and accounting arrangements to ensure the efficient use of resources and to maintain sufficient records to comply with current regulations and legislation. Both policies are currently under review.<br><br>The Authority has an established Audit and Governance Committee, the purpose of which is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. Meeting three times per year, it provides an independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It also oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.<br><br>The Anti-Fraud and Corruption Framework and associated policies were reviewed by members of the Audit Committee at the November 2024 meeting. The two-year Fraud and Corruption Plan 2025-27 was agreed during that meeting the compliance with the Fighting Fraud and Corruption Locally Checklist was reviewed, which sets out the Authority's monitoring practices in relation to Fraud and Corruption. |

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| | **Publish regular reports on performance and progress in delivering our objectives.**<br><br>An annual performance update covering all aspects of service activity are taken to the meetings of the Fire Authority.<br><br>In relation to finance, regular budget monitoring reports are also presented to the meetings of the Fire Authority.<br><br>External Audit - The Authority is statutorily obliged to have a yearly audit conducted by an external audit firm. Grant Thornton were re-appointed as the Authority's auditor in 2023/24 by the Public Sector Audit Appointments and is fulfilling this role for five years. The annual audit report by the external auditor is made publicly available on our website. The annual report for the 2023/24 financial year was signed off by the External Auditors in December 2024 and an opinion of 'unqualified' was reported to Members at the February 2025 Authority meeting. This is supported by the External Auditors Annual Audit Risk Assessment. For the 2023/24 financial year, the opinion and Auditors final report were presented in the Auditors Annual Report at the February 2025 Authority meeting. The review of the 2024/25 accounts is not planned to commence until September 2025.<br><br>Internal Audit - The Accounts and Audit Regulations 2015 require the Authority to maintain an adequate and effective Internal Audit process and, as such, this is provided by Kent County Council under a service level agreement. Each year the Head of Internal Audit brings an annual report and a mid-year progress report, to the Audit and Governance Committee meetings. The annual report for the 2023/24 financial year was presented by the Internal Auditors at the April 2024 Audit and Governance Committee with an opinion of 'Substantial'. The Internal Auditors opinion for 2024/25 is due to be reported to the Audit and Governance Committee in September 2025.<br><br>**Encourage robust challenge and engagement in developing our plans and objectives.**<br><br>The Community Risk Management Plan is set for a 4 year strategy period. The CRMP process builds upon the 10-year analysis of the key societal, economic, technological and environmental changes that were set out in the 2022 Safety Plan. The new strategy period for 2025 to 2029 commenced with a comprehensive community risk analysis and assessment.<br><br>The Authority undertook public consultation on those identified risks and our proposed actions in the "Creating a Safer Future – Together: Risk Assessment" document which ran between 01 November 2023 and 01 February 2024. Following responses to the consultation a Delivery Plan has been agreed on which there will be further public consultation later this year. |

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| | Council Tax options for 2024/25 were given public consultation as part of the CRMP consultation that took place between 01 November 2023 and 01 February 2024. There was widespread support for an increase in Council Tax, something that was supported by 70% of respondents.<br><br>**Objectively assess the outcomes of plans and policies and address any deficiencies.**<br><br>We have monitored the delivery of each corporate strategy as set in 2021 and produced annual performance information. The Authority and the Corporate Management Board, regularly review the 'balanced scorecard,' drawing from all the strategies and other measures we use. This is used to give assurance to all that we are delivering what we promise in this plan. Most actions from the six 2021-24 strategies have been completed.<br><br>A robust process is in place for the oversight and management of the Authority's suite of corporate policies. This ensures that policies are kept up-to-date and relevant. In addition to this, updates on new or revised policies are taken into the Fire Authority for information or approval. We have also re-organised our policy framework into three tiered layers as part of the 2024 review.<br><br>**Ensure data, including personal data held, is secured, used and shared in accordance with the law and good practice.**<br><br>There has been a fundamental review of our data architecture including the formation of a Data and Intelligence Board. Our rigorous approach to data protection and commitment to processing personal data in line with the requirements of the UK GDPR and the Data Protection Act 2018 is set out in the Authority's Data Protection and Information Security Policy. It also sets out the process by which data incidents are recorded and investigated and, where appropriate, reported.<br><br>All reported data incidents are investigated, logged and recorded as part of performance monitoring in line with our Data Breach Policy.<br><br>Currently there is no legislation in place that directly refers to the use of AI (Artificial Intelligence) however where an AI system is using or collecting personal data, it will fall within the scope of the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. As a consequence, KFRS have recently created the AI (Artificial Intelligence) Policy in order to assist in meeting the requirements of the above legislation.<br><br>In line with the requirements of the Freedom of Information Act 2000, the Authority publishes a Publication and Retention Scheme. This sets out the classes of information held and the duration (retention period) for which |

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| | information will be kept. The appropriate treatment of all personal data requests made from external individuals or organisations is determined by the Subject Access Request Policy.<br><br>The internal audit of Information Governance within the Authority recorded the assurance level as 'Substantial,' for 2023/24 confirming that internal control, governance and management of risk are sound overall and that the arrangements to secure governance, risk management and internal controls are suitably designed and applied effectively. Internal Audit will provide their opinion for 202425 at the next Audit and Governance meeting.<br><br>**Ensure that financial resources are protected and used effectively including arrangements to prevent fraud and corruption.**<br><br>The Authority has safe and efficient arrangements to safeguard public money. It operates robust anti-fraud and anti-money laundering controls allied to a strong anti-fraud culture. These are realised in the following suite of anti-fraud and anti-corruption policies: Anti-Bribery Policy; Anti-Fraud and Corruption Policy; Anti-Money Laundering Policy; Gifts and Hospitality Policy; Risk Financing and Insurance Policy and; Disposals Policy. An Anti-fraud and corruption Framework and action plan are presented to Members of the Audit & Governance Committee bi-annually. |
| **Principle G**<br>Implementing good practices in transparency, reporting, and audit, to deliver effective accountability. | **Operate an effective audit and review function that provides assurance on the effectiveness of controls and ensure that recommendations are implemented promptly.**<br><br>External Audit. The Authority is statutorily obliged to have a yearly audit conducted by an external audit firm. Grant Thornton was appointed the Authority's auditor in 2023/24 by the Public Sector Audit Appointments and is fulfilling this role for the next four years.<br><br>Internal audit. The Accounts and Audit Regulations 2015 require the Authority to maintain an adequate and effective Internal Audit process and, as such, this is provided by Kent County Council under a service level agreement. Each year the Head of Internal Audit brings an annual report and a mid-year progress report, to the Audit and Governance Committee meetings. Based on the outcomes of internal audits, action plans will be developed where appropriate and follow up audits are undertaken to review progress against any issues identified. This is reflective of our commitment to a culture of continuous improvement and transparency in our activities.<br><br>**Publish statutory and commonly requested information on our website and put in place arrangements to enable easy access to other information requested.** |

| | |
|---|---|
| | Making information publicly available on our website. In line with the requirements of Local Government Transparency Code 2015 and the Trade Union (Facility Time Publication Requirements) Regulations 2017, we publish a comprehensive and detailed range of information on our website. This covers information including monthly spend reports, register of suppliers, and senior officers' pay.<br><br>As per the requirements of the Freedom of Information Act 2000, the Authority publishes a Publication and Retention Scheme. This sets out the classes of information held and the duration (retention period) for which information will be kept.<br><br>**Encourage partners to adopt high standards of governance and transparency in their dealings with us.**<br><br>Modern Slavery Policy. This sets out our commitment to ensure modern slavery is not taking place anywhere in our own business, in any of our supply chains and to be sufficiently trained to identify risks when performing our front-line services. Part of the requirements of the Modern Slavery Policy is the publication of a Transparency in Supply Chains Statement. The statement demonstrates the work the Authority has, and will, continue to undertake to eradicate modern slavery in its supply arrangements.<br><br>Transparency in Supply Chains Statement. In accordance with the Modern Slavery Act 2015, we are committed to respecting, protecting, and championing the human rights of all who come into contact with our service, including our employees, supply chain workers, customers and local communities. We have zero tolerance of modern slavery, and it is therefore unacceptable in our organisation and supply chains. We welcome the increasing momentum towards mandatory human-rights due diligence and are therefore fully committed to supporting the government tackle modern slavery, which is an important element of our approach to delivering our Service. Our Transparency in Supply Chains Statement reflects our commitment to this.<br><br>Equality in Procurement at Kent Fire and Rescue Service. In response to the Equality Act 2010 and our own values in promoting equality in everything we do; we want people who work with us to also demonstrate the same commitment to fairness and equality. To this end we have a formalised approach to Equality in Procurement at Kent Fire and Rescue Service. We consider it necessary for organisations who intend to supply goods, works or services to us or on our behalf to demonstrate that reasonably practicable steps have been taken to allow equal access and treatment in employment and services for all and can give evidence of their approach to meeting the requirements of the law. |

| | |
|---|---|
| | **Publish an annual assessment of our governance arrangements and plans to improve it.**<br><br>In line with the requirements of Section 6 of the Accounts and Audit Regulations 2015, the Authority publishes an Annual Governance Statement (this document). This is an annual review of the systems of internal control along with an assessment of their effectiveness.<br><br>Good governance is key to the Authority and it is committed to applying the principles of good governance as set out in the 'Delivering Good Governance in Local Government Framework 2016'. This ensures that the services provided to the people of Kent and Medway are delivered efficiently, effectively and fairly, that public money is used wisely, is properly accounted for and achieves optimum value for money.<br><br>**Transparency in the operations of the Authority**<br><br>Meetings of the Fire Authority and Audit and Governance committee are open to the public and agenda packs, reports and minutes are made publicly available. This ensures that we are fully transparent in our decision making and operations.<br><br>In line with the requirements of Local Government Transparency Code 2015 and the Trade Union (Facility Time Publication Requirements) Regulations 2017, we publish a comprehensive and detailed range of information on our website. This covers information including monthly spend reports, register of suppliers, and senior officers' pay.<br><br>To ensure that we remain compliant with the requirements of these two pieces of legislation, an annual review is undertaken and based on this, amendments made as required.<br><br>As per the requirements of the Freedom of Information Act 2000, the Authority publishes a Publication and Retention Scheme. This sets out the classes of information held and the duration (retention period) for which information will be kept.<br><br>Pay Policy Statement. The Localism Act 2011 requires the Authority to publish a Pay Policy Statement for each financial year. The Pay Policy Statement describes the arrangements in place for setting and amending the pay of its employees and reports on the ratio between higher and lower earning staff. The 2025-26 Pay Policy Statement was approved at the February 2025 Authority meeting. |

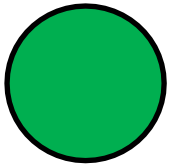
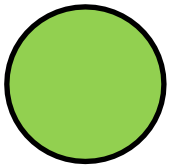
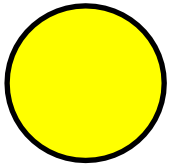
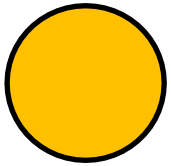
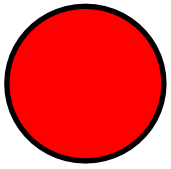
## Joint Statement by the Chair of Audit and Governance and the Chief Executive

We acknowledge our responsibility for ensuring the proper governance of the Authority's affairs and will ensure that sufficient resources are dedicated to ensuring that key controls and processes are implemented, maintained, and monitored for effectiveness. We confirm that this Statement represents an honest and full assessment of the levels of assurance we have obtained following the assessment process as described above.

Vince Maple
Chair Audit and Governance
Kent and Medway Fire and Rescue Authority

Ann Millington
Chief Executive
Kent and Medway Fire and Rescue Authority

Date: XXXX

| Assurance level | Definition of assurance levels |
|---|---|
| **High**  | Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively. Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives. There are examples of best practice. No significant weaknesses have been identified. |
| **Substantial**  | Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively. Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale. |
| **Adequate**  | Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk. There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved. |
| **Limited**  | Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied. Certain weaknesses require immediate management attention as there is a high risk that objectives will not be achieved. |
| **No Assurance**  | Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation. Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved. |

Item Number: B6

| | |
|---|---|
| By: | Director of Finance |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | ANNUAL STATEMENT OF ACCOUNTS 2024/25 |
| Classification: | Unrestricted |

**FOR DECISION**

**SUMMARY**

This report seeks Members' approval of the Authority's draft 2024/25 Statement of Accounts, which are due to be audited between September 2025 and December 2025.

**RECOMMENDATIONS**

Members are requested to:

1. Approve the draft 2024/25 Statement of Accounts (paragraphs 5 to 7 and 17 to 22 and **Appendix 1** refer).
2. Consider and note the remaining contents of the report.

**LEAD/CONTACT OFFICER:** Director of Finance – Barrie Fullbrook
**CONTACT DETAILS:** T: 01622 692121 / E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS**:
Provisional Revenue and Capital Budget Outturn for 2024/25 – 7 July 2025

## COMMENTS

### Background

1. The landscape of local audit in England has faced significant challenges in recent years, resulting in an unprecedented backlog of unaudited accounts across local authorities. Factors contributing to this issue include a shortage of qualified auditors and a limited number of firms operating in the local government audit market, and disproportionate complexity in the financial reporting and audit requirements for local authorities.

2. In response to this situation, the government has introduced significant amendments through the Accounts and Audit (Amendment) Regulations 2024. These regulations, which came into force on 30 September 2024, aim to tackle the audit backlog and rebuild confidence and assurance in local government financial reporting. Crucially, the amendments introduce revised deadlines for both the publication of draft (unaudited) accounts and the final audited accounts.

3. For the financial years 2024/25 to 2027/28, the statutory deadline to publish draft (unaudited) accounts has been extended from 31 May to 30 June, following the financial year-end. The statutory deadlines for publication of the final audited accounts have been set as follows:

    - 2024/25: 27 February 2026
    - 2025/26: 31 January 2027
    - 2026/27: 30 November 2027
    - 2027/28: 30 November 2028

4. **Inspection of the Accounts** - The Authority's Accounts were published on 30 June and the public have thirty working days in which they may object, inspect, and question the local auditor on the Accounts. The Authority advertised that the accounts were open for review between 1 July and 11 August 2025. Members may wish to note that neither the Director of Finance nor the External Auditors received any enquiries into the 2024/25 Statement of Accounts during this period.

5. **2024/25 Statement of Accounts Approval** - The Authority has delegated responsibility for approving the Statement of Accounts to the Audit and Governance Committee. Following formal approval of the Statement of Accounts by this Committee, it is a requirement, as in previous years, for the Chair of this Committee to sign and date the Accounts to formally evidence approval.

6. Prior to this approval, the Director of Finance has published the draft 2024/25 Statement of Accounts on the Authority's website, together with the information required by regulation to inform the public of their rights in relation to the Accounts. The

Director of Finance will have first signed and dated the Accounts, and certified, at the end of the year to which they relate, that they present a true and fair view of the financial position of the Authority and that the income and expenditure for that year is correct. This certification is now reaffirmed by the Director of Finance as the Accounts are presented to the Audit and Governance Committee for approval.

7. The draft 2024/25 Statement of Accounts are attached at **Appendix 1** for Members of the Audit and Governance Committee to consider and approve, having reviewed the earlier financial reports on this agenda. The Chair of the Audit and Governance Committee will be asked to sign and date the Accounts to formally evidence approval following conclusion of the audit. If there are any material adjustments required to the Accounts following the audit a revised set of Accounts will be presented to the Audit and Governance Committee for approval in January 2026.

**External Auditors**

8. The External Auditors are required to carry out an audit of the Statement of Accounts in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Controller and Auditor General, in November 2024. The External Auditors are required to report annually to Members of the Authority on the results of the audit activity undertaken during the year, in line with their responsibilities under International Auditing Standard (UK and Ireland) 260 (IAS (UK&I) 260) "*Communication of audit matters to those charged with governance*".

9. The Authority's External Auditors, Grant Thornton, have experienced delays in undertaking the audit of other authorities' financial statements due to resourcing of the backlog and the national shortage of qualified auditors. However, the audit of this Authority's financial statements is up to date, with the audited 2023/24 Statement of Accounts published on 11 December 2024. The audit of the Authority's 2024/25 Statement of Accounts is expected to take place between September 2025 and December 2025.

**Comments by the Director of Finance**

10. Local Authority Accounts are inherently complex and include entries and reporting requirements that differ from those found in standard company accounts. The detailed contents and presentation of the Authority's Accounts is governed by the CIPFA Code of Practice (the "Code"), but action is taken to exclude information deemed unnecessary or immaterial to the understanding of the Accounts.

11. The timetable for closing and producing the 2024/25 Statement of Accounts was shared with the External Auditor in February 2025. Working papers to support the information included within the Accounts including various analytical reviews,

schedules, and explanations of any significant variances between the previous and current year have been provided to the Auditor. This information together with budget monitoring reports and other information provided to Members is examined for consistency to ensure that Members have been kept adequately informed and are well briefed to effectively scrutinise the Accounts.

12. When producing the Accounts all accounting policies are reviewed to ensure their compliance with the latest Financial Reporting Standards, whilst at the same time consideration is also given as to whether any new accounting standards should be applied. Members of this committee have already seen and agreed the response from management to the audit enquiries (April 2025) as part of the audit risk assessment of procedures, which included an oversight of the following areas:-

    - General enquiries of management
    - Fraud
    - Laws and regulations
    - Related Parties
    - Going Concern and
    - Accounting estimates

**Reserves**

13. **General Reserve** - Members have previously agreed that the General Reserve (referred to in the Accounts as the General Fund balance) should be maintained at a level which is equivalent to approximately 5% of the annual base revenue budget. Consequently, the General Reserve balance at 31 March 2025 was £4.680m.

14. **Earmarked Reserves** - The Authority has funds set aside in Earmarked Reserves. These reserves are held for specific purposes and to meet irregular or known future commitments or liabilities. Members agreed at the July 2025 Authority meeting, that of the underspend on the 2024/25 Revenue Budget; £500k would be transferred to the Service Transformation and Productivity Reserve and the remaining balance (provisionally £262k) would be transferred to the Infrastructure Reserve.

15. After final reserve transfers were made, Earmarked Reserves were £36.655m at 31 March 2025 with 75% held in the Infrastructure Reserve. Details of the balances and movements on Earmarked Reserves are shown in Note 15 (page 51) in the Statement of Accounts, which is attached at **Appendix 1**.

16. **Capital Reserves** - In addition, Capital Reserves of £8.647m, comprised entirely of Unapplied Capital Receipts, were included in the Balance Sheet at 31 March 2025 for use in funding the capital programme in later years.

**Statement of Accounts**

17. **International Financial Reporting Standards and CIPFA Guidance** - The Authority's Accounts are prepared on an International Financial Reporting Standards (IFRS) basis, meaning their content and format are broadly consistent with those of private and other public sector organisations accounts. That said, specific entries are applied in local authority accounts so that amounts charged for depreciation, annual leave, and the pensions current service costs do not impact on the funding required from Council Tax.

18. The 2024/25 Statement of Accounts have been prepared in accordance with the Accounts and Audits Regulations (England) 2024 and the Code of Practice (the "Code") produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). The content and format of local authority accounts is set out in the Code which is updated regularly to reflect changes in accounting standards. The Code has statutory backing, and local authorities are required to comply with the Code to ensure accounts are prepared in accordance with 'proper accounting practices'.

19. **Annual Governance Statement** - The Accounts and Audit Regulations 2015 require the publication of an Annual Governance Statement alongside the Statement of Accounts. On the agenda for this meeting is a report on the Annual Governance Statement for which Members' formal approval is also required.

20. **The Main Financial Statements** - These comprise of the Comprehensive Income and Expenditure Statement (CIES), which represents the expenditure and income associated with the 2024/25 financial year; the Movement in Reserves Statement (MIRS), which shows the changes to the resources available to the Authority over the year; the Balance Sheet, which reports the assets and liabilities of the Authority as at 31 March 2025; and the Cash Flow Statement showing the cash payments and receipts during the year.

21. The Comprehensive Income and Expenditure Statement and Balance Sheet both include entries relating to depreciation, annual leave, and the pensions current service costs. These charges, which are included in the Cost of Services line of the CIES, are notional entries in the accounts and are included to show the full cost of operating the Service. To ensure that there is no impact on the funding requirement of the Authority these entries are reversed out in the Movement in Reserves Statement (MIRS).

22. The presentation of pension assets and liabilities within the Accounts is a requirement of legislation governing the preparation of accounts. The overall impact of recognising the Authority's net pension liability of £615.082m on the Balance Sheet has been to create an overall negative balance of £466.577m.

23. **Public Access** - The Accounts and Audit Regulations set out the requirements for the Authority to allow public access to, and copying of, all accounting records, and for public access to the External Auditor to allow for questions about, or objection to, the draft Accounts. In accordance with this requirement the statutory thirty working days, required for public access ran from 1 July to 11 August 2025 and this was advertised beforehand on the Authority's website. Members may wish to note that there were no enquiries made in relation to the draft Accounts.

24. **Publication of Accounts** - As soon as possible after the conclusion of the audit, the Authority will publish the 2024/25 Statement of Accounts and provide copies to any person on request. To comply with this requirement of publication, a notice will be placed on the Authority's website advising that the audit is complete and that the final Accounts are available to view and download from the website. Paper copies of the Accounts will also be made available on request at a charge of £8 per copy, which is the approximate cost of production, and is in line with the legislation which states that a reasonable charge may be made.

25. **Summary of Accounts** - The Accounts have become increasingly long and complicated over recent years. As a result, those with a non-public sector financial background may find them difficult to understand and interpret. Consequently, a set of Summary Accounts has been included on the Authority's website, the link for which can be found here: Summary Statement of Accounts 2024-25 | Kent Fire and Rescue Service (fire-uk.org). Members will also be provided with a short presentation at the Committee meeting to cover the salient points within the Accounts.

**IMPACT ASSESSMENT**

26. Budgetary provision has been made for the external audit fee.

**RECOMMENDATIONS**

27. Members are requested to:

    27.1 Approve the draft 2024/25 Statement of Accounts (paragraphs 5 to 7 and 17 to 22 and **Appendix 1** refer).

    27.2 Consider and note the remaining contents of the report.

# Statement of Accounts

# 2024/25

The 2024/25 pre-audit Statement of Accounts for the Kent and Medway Towns Fire Authority are certified by the Director of Finance as presenting a true and fair view of the Authority's income and expenditure for 2024/25 and financial position at 31 March 2025.

Barrie Fullbrook

Director of Finance

Date: 30 June 2025

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# Narrative Report

## Introduction

The purpose of this report is to provide the reader with:

- An understanding of the Statement of Accounts.
- A review of the Authority's revenue and capital budget outturn for 2024/25.
- An explanation of the Authority's financial position at the end of the financial year.
- An overview of developments which may have an impact on the Authority both now and in the future.
- A commentary on the Authority's financial performance and economy, efficiency and effectiveness in its use of resources in the year which includes:
  - An analysis of the development and the performance of the Authority in the year and its position at the end of the year.
  - Details of the most relevant financial and non-financial performance indicators.

## Accounting Statements

The format of the Accounts for Fire and Rescue Authorities is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) in their Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code is updated annually and is based on International Financial Reporting Standards (IFRS).

The information contained within this Narrative Report is intended to be fair, balanced and concise. The Accounts and the Narrative Report are published on the Authority's website at: www.kent.fire-uk.org

To provide further detail and more clarity for the reader, each of the primary statements are supported by a number of notes. The primary statements within the Accounts are described below.

**The primary statements in these Accounts comprise:**

**The Comprehensive Income and Expenditure Statement:** This is in two sections; the first section shows the net surplus or deficit on the provision of services as a result of income received and expenditure incurred over the financial year. The second section shows any other changes in net worth not included in the first section. Examples here will include any surplus or deficit on the current value of property, plant and equipment and the remeasurement of the net defined benefit liability.

**The Movement in Reserves Statement (MIRS):** This Statement shows the in-year movement on the reserves held by the Authority. These reserves are divided into two types, usable and unusable, with only the former being able to be applied to fund expenditure. This Statement also shows the change in the General Fund balance and the discretionary transfers that are undertaken to or from Earmarked Reserves.

**The Balance Sheet:** This sets out the financial position of the Authority at the end of the financial year. The top section of the Balance Sheet provides details of assets and liabilities, and the bottom section shows the amounts held in usable and unusable reserves.

# Narrative Report

**The Cash Flow Statement:** Summarises the inflows and outflows of cash during the year analysed between those arising as a result of the Authority's operations, those arising from investing activity and those attributable to financing decisions.

**The Firefighters' Pension Fund Account:** Details income and expenditure for the 1992, 2006, 2006 Modified and the 2015 Firefighters' Pension Schemes.

A glossary of the main terms used in the Statements is provided on pages 80-83.

## Revenue Budget and Expenditure

The Authority's revenue budget is funded by income from Council Tax, Non-Domestic (Business) Rates and various government grants. To ensure that the revenue budget is sustainable over the medium-term, the Authority agreed to increase the Council Tax charge by 2.99% for 2024/25, resulting in an annual increase of £2.61 for a Band D property. The Band D Council Tax charge was therefore increased to £89.91, providing additional funding of £1.753m for 2024/25. The Council Tax base (the number of Band D equivalent properties in Kent) increased by 1.66% which provided additional funding of £957k. Retained Business Rates and associated government grants in relation to Business Rates increased funding by a net £1.469m for 2024/25.

The Revenue Support Grant was uplifted by September 2023 CPI, providing an additional £486k of funding and the Government continued to provide a Services Grant, albeit the amount was reduced by £499k. However, the Government provided a new one-off Minimum Funding Guarantee Grant (£1.527m) which ensured the Authority had at least a 4% increase in Core Spending Power, excluding changes from increases to Council Tax levels. The existing Fire Pension Grant (£3.536m), which had previously been provided outside of the core funding settlement, was rolled into the Revenue Support Grant for 2024/25. There was a Collection Fund surplus of £481k for 2023/24 (£289k for 2022/23) which resulted in £192k additional funding for 2024/25. The Authority's net revenue budget was therefore £94.713m for 2024/25.

Pressures faced by the Authority on areas such as pay awards, inflationary prices growth and other commitments totalled £7.598m for 2024/25. One-off adjustments to General Reserves and Earmarked Reserves increased the budget requirement by £1.082m, meaning savings of £2.795m were required to balance the 2024/25 revenue budget.

The revenue budget outturn for 2024/25 was an underspend of £762k. The summary of the revenue budget and the final outturn is shown in the table below:

**Revenue Budget Outturn 2024/25**

| All figures are in £'000 | Original Budget | Revised Budget | Outturn | Variance |
|---|---|---|---|---|
| Service Costs | 93,177 | 91,675 | 85,227 | -6,448 |
| Direct Pension Costs | 2,222 | 2,222 | 2,766 | 544 |
| Capital Financing Costs | 3,687 | 3,955 | 3,041 | -914 |
| Transfers from(-) / to Reserves | -4,373 | -3,139 | 2,917 | 6,056 |
| **Total** | **94,713** | **94,713** | **93,951** | |
| **Net Revenue Budget surplus for the year** | | | | **-762** |

# Narrative Report

| Funded From: | £'000 |
|---|---|
| | |
| Revenue Support Grant | 11,352 |
| Non-Domestic (Business) Rates | 21,189 |
| Council Tax | 60,541 |
| Services Grant | 104 |
| 4% Minimum Funding Guarantee Grant | 1,527 |
| **Total** | **94,713** |

**Revenue Budget Outturn 2024/25**

A summary of the most significant budget variances is detailed in the following table:

| Revenue Budget Variances | £'000 |
|---|---|
| | |
| Net underspend on employee costs (pay, pensions, training etc.) | -728 |
| Premises repairs and maintenance | -289 |
| Other net non-pay variances | 399 |
| Additional investment income | -1,444 |
| Reserve transfer agreed at October Authority meeting | 1,300 |
| **Net Revenue Budget Underspend** | **-762** |

At the end of the year £1.603m was transferred to the Rolling Budget Reserve to fund commitments made in 2024/25, but where the associated costs will not be incurred, or recognised (stock adjustments), until after 31 March 2025. During the year £566k was transferred from this reserve to fund expenditure committed in 2023/24 but not incurred until 2024/25, making the 2024/25 net movement on the Rolling Budget Reserve £1.037m.

## Grant Income

In 2024/25 the Authority recognised £11.403m of revenue grants that are provided to the Authority outside of the core Settlement Funding Assessment (SFA). Details of these grants are provided in Note 20 to the Accounts.

As in previous years the grants recognised in 2024/25 included Government funding towards; employer costs in relation to increased Firefighter Pension Scheme contributions (£2.757m) and increased pensions administration due to Matthews and McCloud remedies (£194k); business rate reliefs and business rate levy account surplus distribution (£4.665m); National Resilience and Maritime Emergency Response related work (£1.028m); Services Grant (£104k); 4% Minimum Funding Guarantee Grant (£1.527m); additional work in Prevention and Protection (£333k); FireLink (radio communications) (£236k); a grant towards costs incurred due to requirements of the Building Safety Regulator (£109k); training costs for apprentices (£22k); increased costs due to additional audit requirements (£14k); costs incurred to ensure compliance with the Transparency Code (£8k); and compensation payments for the McCloud pensions case (£406k).

The Authority also recognised a capital contribution provided by the Police through the lease arrangement for the Control Centre based at Coldharbour (£150k) and a further contribution for two vehicles donated to the Authority in relation to National Resilience activities (£607k).

# Narrative Report

## Provisions

The Authority continues to make provision for insurance with regard to claims notified but not yet settled and general provisions, which total £494k, but also for the Authority's share of amounts provided by Kent billing authorities for Non-Domestic (Business) Rates appeals of £758k.

During the preliminary investigations in preparation for a Live Fire development at Ashford it was found that the land to be developed had some historic ground contamination due to its previous use, consequently we have worked with the Environment Agency to agree the level of remediation work that is needed. Work in relation to the ground contamination commenced during 2024/25 and is due to finish in the first quarter of 2025/26. A sum to the value of £550k for the estimated costs of remediation work for the ground contamination was set aside last financial year but now that work has commenced on site, and actual costs have been incurred, this estimate has been revised to £697k and the provision increased. Works undertaken thus far total £310k and have been drawn down against the provision.

## Revenue Reserves

At the February 2024 meeting of the Authority, Members agreed to maintain the target level of General Fund balances (also known as the General Reserve) to a level approximately equivalent to 5% of the base revenue budget. In line with this requirement, the General Reserve position at 31 March 2025 has increased by £420k to £4.680m.

In addition to the General Reserve, the Authority also holds a number of other reserves, earmarked for specific purposes, details of which can be found in Note 15 in the Statement of Accounts. At 31 March 2025, Earmarked Reserves had increased by £3.259m. The majority of funds held in Earmarked Reserves are within the Infrastructure Reserve, a significant part of which is planned to be used to fund investment in station and premises improvements and the purchase of light and heavy fleet vehicles in future years. It is therefore expected that the funds held within this reserve will diminish over the medium term, as and when capital spend is incurred.

## Capital Budget and Expenditure

Capital expenditure is defined as the purchase, improvement or enhancement of an asset, where the benefit of the expenditure will last beyond the year in which it was incurred. Capital expenditure for 2024/25 was £5.852m against a revised budget of £7.712m.

The station development programme reflects some major improvement works on the Live Fire rig at Ashford; the forecast represented a back-to-back programme for the enabling and main building works. However, the contract award was delayed until January 2025, so the main building works started later than expected resulting in slippage of £1.599m of construction expenditure into 2025/26. The lease rental for the vehicle maintenance workshop was budgeted for at £202k but a rental review meant this increased to £239k. Premises works included replacement boilers, generators and roofs but roofing replacements at Faversham and Ashford fire stations has slipped into 2025/26 (£165k) and the budget for boiler replacement was not fully required resulting in the saving being returned to the Infrastructure Reserve (£52k). Planned expenditure for cyclical estate changes and development has been less than expected so has resulted in an underspend that will be returned to the Infrastructure Reserve (£307k). Although the implementation of the Mobile Data Terminals (MDTs), companion devices and software on all operational pump appliances was completed in 2023/24 some expenditure on the project was slipped to 2024/25 (£95k) as there had been delays in installing the MDTs on the Aerial Ladder Platforms (ALPs) and the new MDT software on the training pumps. This work has now been completed so the unspent project budget will be returned to Infrastructure Reserve (£45k). Delivery of numerous vehicles and specialist equipment was undertaken during the year, including 5 new fire engines, 6 boats, 3 vehicles for the premises cleaning team, 3 vans and the

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new firefighting robot. Delays in the delivery of some vehicles has meant that there is some slippage into 2025/26 in relation to fire launch boats (£29k) and 4 Can-AM traxters (£174k). The Animal Rescue Unit (£95k) is currently in the process of being converted to meet our operational requirements and so the budget has also slipped into 2025/26. During the year the Authority was donated two new specialist vehicles from Merseyside Fire and Rescue Service as the lead for the Fire and Rescue National Resilience programme. In order to recognise the right to use the assets they have been recognised on the Balance Sheet. This has required an accounting adjustment that has recognised the value of the assets showing an overspend (£607k) offset by the recognition of a notional capital grant for the same value. A combination of various small over and under spends has resulted in a further £37k being returned to the Infrastructure Reserve.

The table below gives a breakdown of the net £1.860m variance compared to the revised budget.

**Capital Budget Outturn 2024/25**

| All figures are in £'000 | Original Budget | Revised Budget | Outturn | Variance |
|---|---|---|---|---|
| | | | | |
| Estate Development | 11,184 | 6,072 | 4,203 | -1,869 |
| Other Premises | 210 | 471 | 254 | -217 |
| Information and Communication Systems | - | 95 | 50 | -45 |
| Vehicles and Equipment | 1,358 | 1,074 | 1,345 | 271 |
| **Total** | **12,752** | **7,712** | **5,852** | |
| **Net Capital Budget Variance** | | | | **-1,860** |

Details of the financing of the capital expenditure can be found in Note 22.

## Borrowing and Capital Reserves

The Authority did not plan to fund any capital expenditure from external borrowing in 2024/25. In line with previous years, the Authority continues to use surplus cash balances instead of borrowing from external sources to fund unfinanced capital expenditure from earlier years. A loan of £400k matured during 2024/25 so was repaid, resulting the Authority having no outstanding external debt as at 31 March 2025.

The Authority received £93k of capital receipts, net of selling costs, during the year from the sale of old vehicles. No capital receipts were utilised to fund capital expenditure in 2024/25 so the Capital Receipts Reserve increased to £8.647m which is the closing balance that will be carried forward as at 31 March 2025.

## Treasury Activity

In February 2024, Members agreed the Treasury Management and Investment Strategy for the forthcoming year. The Authority continues to invest in money market funds to ensure the maximisation of interest earned whilst still maintaining security and liquidity. The Bank of England's Monetary Policy Committee cut interest rates at three meetings during the 2024/25 financial year, starting with a 0.25% cut to the base rate in August, bringing it down to 5%, a 0.25% cut in November and the most recent coming in February 2025, resulting in a base rate of 4.50%. This meant that although returns on investments have remained high, the Authority has seen the interest rates available on deposits gradually falling throughout the year. During the year the Authority earned £3.052m of interest on cash deposits equating to an average interest rate earned of 4.99%.

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Treasury Management is undertaken in-house which enables the Authority to respond to bank rate changes immediately and develop our own relationships with banking and investment counterparties, although the Authority continues to use the services of an external Treasury Advisor for independent treasury advice.

## Pension Assets and Liabilities

The presentation of pension assets and liabilities within the accounts is a requirement of the legislation governing the preparation of these accounts. The overall impact of recognising the Authority's firefighters' pension liability of £615.082m on the Balance Sheet has led to an overall negative balance of £466.577m.

Movements on the pension liability can be quite volatile and are not only dependent on the assumptions used but also there is an impact depending on whether it is a full or roll-forward valuation. The Actuary for the firefighter pension schemes has carried out a full valuation for 2024/25. Changes to the financial assumptions include an increase in the discount rate and a minor decrease to RPI inflation but the same assumptions have been used for pension increases (CPI), and salary increases, resulting in a change in the value of the defined benefit obligation. The reassessment of the net defined benefit liability has had a significant impact on the Comprehensive Income and Expenditure Statement resulting in a revised remeasurement of (£26.373m) in 2024/25 compared to (£7.898m) in 2023/24.

Full details of the pension fund assets and liabilities can be seen at Note 25.

## Financial Climate and Impact on Services

**Financial Settlement and Budget for 2025/26** – The Chancellor of the Exchequer delivered the Autumn Statement on 30 October 2024 alongside publication of the Office for Budget Responsibility's (OBR's) updated economic and fiscal forecasts. The Autumn Statement made no specific reference to Fire and Rescue Services, but it was confirmed that Local Authorities Core Spending Power would increase in real terms by around 3.2% (including Council Tax and additional funding for social care). It was therefore anticipated that the Fire Authority's funding settlement would be uplifted on a similar basis. The Budget also confirmed that the main rate of employer national insurance contributions would increase to 15% and that a lower starting threshold for payments (£5k) would also be implemented from April 2025. However, an allowance had been made in the Chancellor's Budget to fund the increased cost impact on public sector organisations. Unfortunately, it was later confirmed that the Fire Authority's additional costs (c. £1.119m) would not be fully funded by the grant (£647k).

On 28 November, the Government released a Policy Statement stating its key funding intentions ahead of the release of the Provisional Local Government Finance Settlement for 2025/26. This Statement confirmed that all Fire and Rescue Authorities (FRAs) could raise Council Tax by up to £5 (on a Band D property) without having to hold a referendum.

The final Settlement was broadly in line with expectations following announcements in the Autumn Statement 2024 and the Policy Statement issued in November, with core funding increasing in line with September CPI of 1.7%. As expected, the Authority's Minimum Funding Guarantee grant (£1.527m for 2024/25) and Services grant (£104k) will not be paid to the Authority in 2025/26.

The Authority does still receive other government grants outside of the core settlement, such as the FireLink grant, New Dimensions grant and Protection Uplift grant, so there remains some uncertainty over the future of these grants as they are subject to annual ministerial approval as they sit outside of the Core Funding Settlement. The FireLink grant was due to be phased out over a 5-year period and was due to finish at the end of 2025/26, but the government have chosen to end the grant a year earlier resulting in an unexpected loss of grant income of £118k for 2025/26.

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As no new capital grants from the Government have been announced, the Authority is currently planning to fund the 2025/26 and later years' capital plan through a combination of revenue funding, reserves, capital receipts and borrowing.

The Authority has an outline four-year Medium Term Financial Plan (MTFP) contained within the Budget Book approved at the Authority meeting in February 2025. The MTFP was developed in conjunction with the proposals contained within the Community Risk Management Plan and associated enabling plans to ensure that future plans are funded and sustainable.

**Community Risk Management Plan** - The Fire and Rescue National Framework for England requires every fire and rescue authority to assess all foreseeable fire and rescue related risks that could affect their communities, whether they are local, cross-border, multi-authority and/or national, and prepare an 'Integrated Risk Management Plan', or as it is now referred to within the sector, a 'Community Risk Management Plan' (CRMP).

In Kent the process starts with a ten-year horizon scan of emerging risks and issues in Kent, the UK and globally. The next stage is analysing the risks and issues to get more detailed risk information for planning. We use a network of sources such as the National Risk Register, the Kent Community Risk Register, incident data and local area risk profiles, amongst other data sets. We then clarify and consult on current and emerging risks which will affect the communities we serve for the next few years.

In July 2024, our 'Creating a Safer Future – Together: Delivery Plan 2025-29' was agreed following an earlier consultation with our customers in our 'Creating a Safer Future - Together: Risk Assessment' which saw more than 1,850 people respond with more than 90% agreeing with our risk assessment and areas of focus set out in the document.

The areas of focus are grouped under the following seven themes: -

- Climate change and environment
- Health and society
- Rescues
- Major Industry
- Buildings and places
- Transport
- Utilities, fuel and power

Our actions are integrated across our Building Safety, Prevention, Operational Response, Resilience and internal Customer Services teams.

To assist delivery of our customer facing strategic priorities, internal enabling plans have been created for each team within KFRS, which details their roles in delivering against the main priorities and measures to allow for clear alignment of activities and our Medium-Term Financial Plan. The enabling plans are structured into four areas – People, Digital and Data, Transformation and Customer. These are underpinned by three key Delivery Plans, for Estates, Digital and Data and Fleet and Equipment from which we set our financial Capital Investment Strategy. Every team at KFRS then has an Annual Plan which delivers against these strategic priorities. Our Medium-Term Financial Plan is aligned to ensure our finances are prioritised to deliver the Community Risk Management Plan.

The Authority works very closely with its partners to ensure Kent and Medway continues to be one of the safest areas to live and work in England. Careful planning and the ability to adapt and respond to change ensures the Authority can face the challenges ahead efficiently and effectively. As a result,

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performance has remained strong, and the Authority continues to be one of the best performing authorities in the country.

The Authority continues to look at ways to operate more efficiently, for example by streamlining processes and making them leaner. The Authority has, for a number of years, made average savings of £2m per annum, some of which facilitates the funding of increased cost pressures, but other savings are re-invested back into the service to fund improved areas of activity or investment. But the Authority is clear that the requirement to generate savings each year will continue for some time to come.

Pay awards in 2024/25 were higher than budgeted and this therefore has an impact on funding requirements in future years. This alongside other commitments such as the cost impact of actuarial valuations on the pension funds for example, results in the need to drive efficiencies and cash savings going forward. Consequently, it is likely that significant savings will need to be achieved in future years to meet these commitments. Savings are currently planned in the MTFP to the value of at least £3m over the next four years, but more is likely to be needed to address future pressures. The challenge is to make sure the Authority can achieve these savings and still maintain or enhance the services delivered to the public. The Authority will continue to keep the safety of local people, businesses and firefighters as its priority when responding to these challenges.

**Future Issues** - The Home Secretary published the long-awaited Fire Reform White paper on 18 May 2022, which included plans to introduce reforms to fire safety across England and put the majority of the Grenfell Inquiry recommendations into law. The White Paper also includes the potential establishment of a College of Fire and Rescue as well as proposing the transfer of fire governance to a single elected individual. It promises an independent review into the current pay negotiation process to consider if it is fit for a modern emergency service. These plans were consulted upon with a deadline for responses of 26 July 2022, to which the Authority responded. The consultation outcome has since been published.

From the 1 April 2025, Ministerial responsibility for all fire functions transferred from the Home Office to the Ministry of Housing, Communities and Local Government (MHCLG). The rationale being that bringing responsibilities together for fire and building safety will strengthen co-ordination, improve policy implementation and reinforce the government's commitment to making homes, buildings and communities safer. The change is a key recommendation from the Grenfell Tower inquiry's phase 2 report, which advised that fire and building safety should be overseen by a single department.

The Government is committed to continuing with the resetting of the business rates retention system, to ensure that the distribution of resource is realigned with need. It has been over a decade since the Business Rate Retention Scheme was introduced and reviewed. In the Autumn Budget 2024, the Government announced changes to the way business rates taxation will operate from 2026-27. Most significantly, the Government intends to introduce two permanently lower multipliers for qualifying retail, hospitality and leisure with a rateable value (RV) below £500k. The intention is to fund these lower multipliers thorough a higher multiplier for all properties with a RV of £500k and above. This would mean a total of five multipliers from 2026-27. The consultation on resetting the Business Rates Retention system closed on 2 June 2025.

On 16 December 2024 the Secretary of State for Housing, Communities and Local Government presented to Parliament the English Devolution White Paper. This set out the direction of travel for the Government to reset the relationships with local and regional government and reform public services. The Minister of State for Local Government and English Devolution wrote to the Leader of the Kent Authorities inviting them to develop proposals for re-organisation, which they duly did. Leaders of Kent were later notified that on this occasion Kent had not been selected to be part of the Devolution Priority Programme but were invited to work together in order to submit proposals for Local Government Re-organisation. Since then, the Local Authorities of Kent have provided an

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options paper to their members for consideration. Whilst not directly affected at this stage, the Fire Authority continues to engage with the local councils of Kent and Medway to understand what the implications of such a substantial change would mean to the Fire Authority. In particular, the impact on the billing and collection arrangements for Council Tax which is currently undertaken by the District Councils and Medway Council (Billing Authorities).

**Cost of Living Crisis** - The constant elevated level of inflation not only triggered a wave of high pay demands to compensate workers for the loss of spending power, but it also has the potential to impact on the collection rates of Council Tax and Business Rates by the Billing Authorities. Whilst we have seen a slight fall in interest rates, they continue to remain higher than anticipated which has resulted in the Authority achieving an extra £1.358m on interest earned on its treasury deposits for 2024/25 which has helped offset the inflation increases we have seen on our purchases. However, as interest rates begin to fall it is anticipated that the Authority will see a reduction in investment income, so this has been taken into account within our Medium-Term Financial Plan.

**Electronic Communications Code Consultation** - The Electronic Communications Code regulates the rights of telecommunications operations to install and maintain their apparatus on public and private land. A consultation on proposed changes to the Code was issued in 2021, with the objective of introducing primary legislation that would make changes to the Code ensuring that the UK has sufficiently robust electronic communications networks to deliver the coverage and connectivity consumers and businesses need. However, provisions under the new proposals have the potential risk to impact on training capability, access to and use of sites, land disposal and financial income. The Authority responded to the consultation. We still have masts at Service Headquarters and Sevenoaks, Southborough, Swanscombe and Cranbrook fire stations that many be impacted by the new legislation.

The Product Security and Telecommunications Infrastructure Act 2022 was subsequently introduced bringing in several changes to the Code, including the introduction of a “sharing” right, a new power to fly lines from apparatus, including poles and related rights to upgrade or share such apparatus and rights to share apparatus underground.

As mobile operators look to increase their 5G infrastructure coverage across Kent they are regularly reviewing the availability of public land to facilitate this in line with the new Act. This has resulted in our property team having to spend an increasing amount of time to highlight the detrimental impact that any new mast building on or next to our stations will have on Kent Fire operations.

**Procurement Act 2023** - Following the government’s delay in implementation from October 2024 to February 2025, the key focus for the Procurement team is the implementation of the new UK Public Procurement regulations 2024 and associated National Procurement Policy Statement (NPPS), brought about by the Procurement Act 2023. This new legislation puts in place the new post Brexit Public Procurement framework of regulations that all Public Bodies must adhere to in Procurement. It provides greater flexibility to the Authority to design its own procurement processes but also provides greater responsibility on being transparent with the markets and notifying them of upcoming projects. The Authority’s Procurement team are finalising the development and delivery of providing the necessary training to all relevant colleagues in the new regulations over the course of the year.

**Channel Tunnel Contract** - The Authority had a contract to provide fire-fighting services to the Channel Tunnel, but in February 2024 notice was served by the Authority to end this contract. The Authority ceased providing this service from 18 February 2025.

**Water Hydrants** - Water companies are under pressure from the public and the Regulator (Ofwat) to reduce leakage. This is carried out in a variety of ways with the most common being the installation of Pressure Reduction Valves (PRVs). The installation of PRVs means that we may be unable to provide adequate water for firefighting in some areas (this is a national issue), therefore Kent Fire and

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Rescue Service (KFRS) are looking to utilise alternative water sources. KFRS are working with the National Fire Chiefs Council (NFCC), Water UK and developers to understand the extent of the issues and put in place mitigation to reduce this risk. However; this is something that involves the changing/introduction of guidance at national level and therefore an internal project is in place to look at what can be done locally whilst the national work progresses.

In addition to the pressure issues, KFRS are working with other Fire and Rescue Services (FRSs) to ensure fire hydrant repairs are undertaken in line with guidance. This has resulted in an increase in repairs being undertaken, adding a pressure to the Resilience team budget for 2025/26. Section 57 (paragraph 2) of the Water Industry Act 1991 states that a Water Undertaker, at the request of the Fire Authority concerned shall fix fire hydrants when requested, with the cost (paragraph 5) being borne by the local Fire Authority. This is becoming problematic as Water Undertakers are increasing their prices above inflation, something we are challenging on every occasion. A recent challenge has resulted in updated Ofwat guidance that Water Undertakers must be transparent in what they are charging for repairs, this is set out within their expectations, assurance, and information requirements for water company charges document for 2025-26. This document also covers work being carried out by INSET companies and New Appointment and Variations (NAV), who are companies that have been given a licence to provide wholesale water and/or sewage by Ofwat.

In summary the document states (2.4) that for fire hydrant charges, water companies have a duty to provide and maintain fire hydrants for use by fire and rescue services. Section 57 of the Water Industry Act of 1991 (WIA91) requires water companies to recover the costs incurred in fulfilling this duty from the relevant fire and rescue authority. As a result of this duty, charges to fire and rescue services relating to the provision and maintenance of fire hydrants should be set such that they recover the full costs incurred in meeting this duty and only these costs. Water Services will continue to monitor this situation at a local and national level, ensuring costs are proportionate for the work being undertaken and in line with national pricing (considering local differences). We will continue to work with the five Water Undertakers (and INSET companies) within Kent and Medway to ensure the safety of our operational colleagues whilst delivering value for money for our customers.

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## The Development and Performance of the Authority in 2024/25 and Financial Position at 31 March 2025.

### Budget Strategy

The Authority's budget for 2024/25 supported delivery of the initiatives detailed in the Customer Safety Plan 2021-2031 (and supporting strategies) up to 5 July 2025, after which the new Community Risk Management Plan was adopted. The Authority has a prudent approach to budget development ensuring that expenditure plans are fully resourced and that savings proposed are achievable.

A high proportion of the Authority's revenue budget is spent on employee costs, so these are monitored closely. Posts that become vacant are reviewed by senior management to determine whether they need to be replaced. This ensures that the post is still necessary and that opportunities are not lost to make further efficiency savings.

Operational excellence was one of a number of key themes within the budget strategy for 2024/25, ensuring that people's needs are at the centre of our response, starting with the call-handling team and ending with post-incident care, advice, support and learning from incidents. Alongside this was a drive to demonstrate that we are a professional organisation supported by initiatives such as membership of the Institute of Fire Engineers and access to online learning for operational and support colleagues.

The 2024/25 budget also included significant investment in the Authority's assets such as, replacement fire engines and other vehicles, improving live fire training facilities and other estate redevelopments and upgrading of IT software and core IT infrastructure including the procurement of a new call handling system in collaboration with our Networked Fire Services Partners.

### Reserves

In these financially challenging and uncertain times General and Earmarked Reserves are an important tool to help mitigate against the risk of budget overspend and shortfalls in funding. The use of Earmarked Reserves is limited to smoothing the impact on revenue of expenditure that falls in peaks and troughs across different financial years, for funding one-off expenditure or to temporarily plug a budget gap whilst savings plans are delivered.

The amount set aside in the Authority's General Reserve is subject to an annual assessment to ensure that the balance should cover the costs of a significant emergency or unforeseen event. The Authority has £4.680m in General Reserves as at the 31 March 2025, which equates to approximately 5% of the base revenue budget.

At 31 March 2025 the Authority's Earmarked Reserves are healthy, with a balance of £36.655m. Details of the balances in each reserve and a breakdown of government grants to be carried forward are provided in Note 15. Resources have been set aside in the Infrastructure Reserve to fund the station development programme, replacement fire appliances, vehicles, operational and IT equipment. As the revenue budget comes under greater pressure opportunities to replenish these balances will diminish as the current cycle of planned works and purchases are completed.

### Cashflows

The Cash Flow Statement in the Accounts details the cashflows for the year and shows that the Authority's cash balances have increased by £15.296m over the year. The Authority uses its temporary surplus cash balances to fund its capital financing requirement (in lieu of borrowing) with the remainder placed in interest bearing deposit accounts or money market funds. At 31 March 2025

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cash, deposits and investments totalled £66.376m. This comprises of £41.335m which represents the money set aside in General and Earmarked Reserves, £8.647m of unused capital receipts plus £16.394m being the net of other assets and liabilities at the end of the financial year.

The Authority paid off the only remaining outstanding external loan of £400k using reserves and currently has no external borrowing. Over half of the Authority's reserves are planned to be used for the Infrastructure Programme and other expenditure commitments, cash balances are expected to reduce over this timeframe.

## The Authority's Financial and Non-Financial Performance Indicators

### Financial Performance

Every year External Audit assesses the Authority's financial statements. The External Auditor's (Grant Thornton) initial Findings Report for 2023/24 was reported to the Audit and Governance Committee meeting on 6 November 2024, at that time their work was substantially complete, however there still remained a few areas that had yet to be concluded. The Auditors concluded an unqualified opinion on 11 December 2024 on the Authority's 2023/24 financial statements having been signed by the Chair of Audit and Governance and the Director of Finance and Corporate Services as presenting a true and fair view of the financial position of the Authority.

As part of the annual audit of the Financial Statements Auditors are required to give a separate opinion on Value for Money which focuses on the Financial Sustainability, Governance and that the Authority has made proper arrangements for improving economy, efficiency, and effectiveness in its use of resources. The Auditors Annual Audit letter was presented to Members at the Authority meeting on 18 February 2025. The report confirmed that the Authority has no areas of significant weakness following its review. It was noted that the governance arrangements and communication within the Authority are strong and garner effective processes and decision-making. The financial sustainability of the Authority is aligned to its key priorities and supporting strategies, and regular financial reporting allows for identification of financial risk to the set budget in terms of probability and impact and details mitigating steps taken by the Authority. There were three recommendations for improvement and one outstanding from the previous financial year and that was that the Authority must continue the development of a robust savings plan to support its long-term financial sustainability. The three recommendations were; to ensure that performance data is published on the public website in a timely manner, to develop performance reports to enable readers to have a better understanding of key issues and how they are being addressed and, that procurement policy documents should be consistent and regularly reviewed. The latter has been work in progress following the significant changes to Public Procurement regulations. A management response to all recommendations has been made with details of actions that will be taken.

The Public Sector must pay suppliers within 30 days under the Public Contract Regulations 2015, however during Covid the Government encouraged the Public Sector to accelerate payment to suppliers as a matter of urgency to support their survival over the coming months. This Authority was able to reduce its supplier payment timeframe down to 12 days from receipt of invoice and continues to maintain this to ensure the cashflow of its suppliers is sustained to support their survival during these economically difficult times.

### Governance Assurance Statement

The Authority is required to undertake an annual review of its governance processes and to publish a statement setting out the results of the review. The statement, which is available on the Authority's website, shows how the Authority demonstrates good governance in its actions.

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The Authority is also required to publish how we deliver the requirements of the National Framework for Fire and Rescue Services and how we obtain assurance that these are both effective and appropriate.

## Transparency

The Authority publishes extensive performance and financial information on its website including transparency data on all spending over £250, all expenditure incurred on purchasing cards, a register of contracts and the pay of senior managers on the Corporate Management Board. This allows the public to see how well the Authority is performing and provides evidence of value for money.

## Inspection

In July 2017 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) extended its remit to include inspections of England's fire and rescue services. The inspection focuses on how well the Service prevents, protects against and responds to fires and other emergencies, and also reviews how well the service looks after its employees.

The 2022 inspection was undertaken over a six-week period running from July to August. The results were published by HMICFRS in January 2023. This rated Kent Fire and Rescue Service as :-

- 'good' at effectively keeping people safe and secure from fire and other risks.
- 'outstanding' for efficiently keeping people safe and secure from fire and other risks and
- 'good' at looking after its people.

Within the underlying categories of the Efficiency pillar, KFRS was also deemed 'outstanding' within the categories of 'Making best use of resources' and 'Making the fire service affordable now and in the future'. Among the findings presented by HMICFRS is that KFRS is judged to be 'Outstanding in the way it uses it resources and manages its budgets to provide an efficient fire and rescue service for the public'.

Kent Fire and Rescue were one of ten fire and rescue services to take part in a thematic inspection of how misconduct processes, procedures and practice operate. The inspection was for two weeks during 15 to 26 January 2024 and examined the following: -

- the extent to which services are identifying and investigating misconduct.
- the effectiveness of misconduct processes and how consistently they are applied.
- how confident fire and rescue service staff are in raising concerns and in misconduct processes; and
- the role of fire and rescue authorities and other organisations in handling misconduct.

The findings were published on 1 August 2024 as a fire sector report as opposed to an individual report on the Kent Fire and Rescue Service titled Standards of Behaviour: The handling of misconduct in fire and rescue services.

HMICFRS began its third-round inspection of KFRS in February 2025, the inspection lasted nine weeks and was based around three pillars: Effectiveness, Efficiency and People, within each pillar there are various assessment criteria. The results from Inspection are expected to be published in August 2025.

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## Non-Financial Performance

### Environmental Improvement and Asset and Fleet Strategy

The Estates, Fleet and Equipment and Digital and Data delivery plans support capital and revenue investment required to deliver the Community Risk Management Plan.

The Estates Delivery Plan sets out how the Authority aims to protect the environment of Kent and Medway in terms of its buildings that are used in delivering the service. Environmental improvements have been made across the estate, including the installation of new energy efficient boilers and heating systems, as well as photovoltaic (PV) panels on 37 buildings including Headquarters. Other improvements to buildings have been made through better insulation, double-glazing, heating controls and retrofitting motion sensors to control lighting have also contributed to the reduction in energy use and improved efficiencies.

New buildings have been designed to meet current standards for energy efficiency and include building management systems and controls, insulation, LED lighting, and natural ventilation rather than using air conditioning. In addition, there is an ongoing programme to re-roof buildings and replace windows, all of which will improve insulation.

Our Ashford Live Fire facility is currently under construction, by working with our building contractor and our supply chain partner to change the piling method and the type of concrete used for piling from Portland cement to GGBS concrete (a byproduct from iron making), we have been able to achieve a carbon saving on this activity alone of 79 tonnes of CO2e, the equivalent of heating 29 homes for a year.

We continue to review our estate requirements, where land and buildings are identified as surplus to our current requirements they are sold at auction and the receipt from these sales re-invested into our ten-year Capital programme for the redevelopment and enhancement of stations and purchase of new vehicles.

Currently Fleet and Equipment services operate from two sites in Maidstone, a workshop in Parkwood Industrial estate and fleet administration with stores from our Distribution Centre on Loose Road. We are currently exploring options for a new purpose-built premises on one site to deliver an improved service to operational KFRS colleagues and reduce costs and improve efficiency.

Fleet has the largest carbon footprint of any business area within Kent Fire. We introduced 50 hybrid vehicles into our diverse fleet. All of these vehicles are pool cars, and their hybrid system combines the use of a petrol engine and an electric motor, improving fuel efficiency and reducing exhaust emissions. Being conscious of the environmental impact caused by cars, these hybrid pool vehicles allow us to make our journeys more sustainably. A further 239 vehicles use AD blue to reduce the tailpipe emissions of noxious gases. The renewal of older fleet will by default introduce more fuel-efficient vehicles. We continue to explore options to further reduce our carbon footprint in this area.

We have installed CCTV in all of our fire engines and blue light response vehicles alongside telematics in the majority of our vehicles. This has resulted in a number of benefits, including an insurance premium discount. Better management information is now being obtained to be able to defend against motor insurance claims made against us and to improve driving styles.

In our CRMP we identified the increasing number of water rescues that we are being called to undertake, particularly in the river Medway around Rochester and Chatham. We have a boat capability in place at this location but are exploring what more can be done to improve our speed of response and help with reducing the number of times our colleagues are having to enter the water to

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attempt to conduct a rescue. We are now looking to purchase a new “personal watercraft”, which is able to operate with fewer firefighters at a greater speed and with a high degree of safety.

As part of a nationally co-ordinated activity to provide support to the Ukraine we have worked with Fire Aid and the National Fire Chiefs Council (NFCC). Our surplus equipment and fire engines were donated to the cause, to be part of a larger convoy with vehicles and equipment donated from other fire services across the country that left the UK from our Whitstable fire station.

## Service Performance

The Authority has a comprehensive set of performance indicators some of which are considered to be strategic due to their importance in monitoring the performance of the Authority. Members are provided with regular reports to keep them updated of performance against these indicators.

The Authority attended 3,919 fires in 2024/25 which was slightly higher than the performance in the previous year where the Authority attended 3,853 fires. The small increase in the number of fires can be attributed to an increase in accidental fires in the home and deliberate non-domestic fires. The increase in deliberate non-domestic fires is due to an increase in fires within prisons over the last year. Incidents of this nature can increase due to external factors outside of the control of this Authority.

Accidental dwelling fires (ADFs) accounted for 23% of all the accidental fires attended in 2024/25. The Authority has performed very well in this area and has been amongst the top performers nationally for more than ten consecutive years. Last year we reported the lowest number of accidental fires in the home recorded. In 2024/25 this has increased by 13% to a total of 556 incidents attended. Despite this increase, overall the number of fires in the home remains low and reducing these fires remains a priority of the Authority.

Reducing the number of road traffic collisions (RTCs) across Kent and Medway and the number of people killed or seriously injured (KSI) as a result, continues to be a priority for the Authority. In 2024/25 the Authority attended 1,116 RTCs which is marginally lower than in 2023/24 (1,153). The Authority continues to work with its partners to promote road safety across the county.

A number of on-call stations and some officers respond to immediately life-threatening medical emergency calls, such as suspected heart attacks, in support of the ambulance service. Under this arrangement, the Authority’s staff are sent to a medical incident as the quickest resource and are always backed up by the ambulance service. During 2024/25 the Authority attended 787 of these incidents which is lower than the amount attended in the previous year (1,277). The Authority also assists our ambulance and police partners with gaining entry to properties where there is a concern for welfare and for complex rescues and in 2024/25 the Authority attended these sorts of incidents on 3,111 occasions.

The Authority’s response times to life-threatening incidents has declined compared to previous years. In 2024/25 65.8% of life-threatening incidents were reached within 10 minutes and 76.2% within 12 minutes. Overall performance is lower than the targets set for these indicators; 71% and 82% respectively. There are numerous factors that can affect our performance on response times such as the number of fire engines available immediately to respond, the time the crews take to turn out, the traffic encountered en-route to an incident, the presence of 20mph speed limits, roadworks and road closures as well as the quality of the address information provided. The Authority consulted to changes on how response times are measured in October 2024 and the changes to this indicator come into effect from 1 April 2025. The changes to these indicators are to measure response times to emergency incidents in rural and urban areas. The new response targets are:

- Emergency incidents in urban areas attended within 9 minutes on 75% of occasions.

# Narrative Report

- Emergency incidents in rural areas attended within 15 minutes on 75% of occasions.
- Non-emergency incidents in any area attended within 30 minutes.

In addition to responding to emergency calls, the Authority carries out a number of activities to support our customers and businesses safety. In 2024/25, the Authority's Customer Safety teams have delivered 12,204 Safe and Well Visits to customers across the County. In addition to these visits, crews and the taskforce team have delivered 15,296 home safety visits. Our business safety teams carried out 1,024 building inspections as part of our risk-based inspection programme in 2024/25. In addition, the Authority has carried out 2,228 building regulation consultations in the last year.

The detail of the progress against all of the Authority's key performance indicators is reported annually to Members of the Authority, and a copy of the report is available on the Authority's website.

## Customer Service

The Authority became the first emergency service in the country to receive the Pride in Care Quality standard for our commitment to equality, diversity and inclusion (EDI). Awarded by the national charity Opening Doors, the fire service underwent a comprehensive accreditation process to receive the accolade, including staff surveys and evidence gathering, which highlighted the dedication that runs through the organisation to embrace difference.

## Use of Resources Summary

The Authority has continued to make changes to the way that frontline and corporate services are delivered. Investment continues to be made in electronic systems to reduce administration and simplify internal processes. Working closely with partners is still important to the Authority, so we continue to look for efficiencies, wherever possible to do so, through joint procurement or joint working.

Last year the Authority delivered £2.795m of base revenue budget savings as set out in the budget for 2024/25. The current Medium-Term Financial Plans shows that over the next four years the Authority has the challenge to make at least £5m of further savings which need to be both sustainable and deliverable so that a high quality and effective service can continue to be delivered. There are a significant number of unknowns in terms of potential changes to the Authority's future funding allocations and uncontrollable cost pressures so these will be monitored closely so that the Authority can take appropriate action should further savings be required to balance the budget.

The Authority remains in a strong financial position and plans to invest in its infrastructure will continue, by utilising its Earmarked Reserves and capital receipts. As always longer-term sustainable planning continues to be a prerequisite going forward.

For further information on the accounts please contact the Director of Finance on 01622 692121 ext. 8264 or write to the Director of Finance, KFRS Headquarters, The Godlands, Tovil, Maidstone, Kent, ME15 6XB.

# Statement of Responsibilities for the Statement of Accounts

## The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

## The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Director of Finance, has:-

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local authority Code.

The Director of Finance has also:-

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

In my view, the accounts which follow give a true and fair view of the financial position of the Kent and Medway Towns Fire Authority at the accounting date and its income and expenditure for the year ended 31 March 2025.

**Vince Maple**
**Chair of the Audit and Governance Committee**
**Kent and Medway Towns Fire Authority**

**Barrie Fullbrook**
**Director of Finance**
**Kent and Medway Towns Fire Authority**

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# Report of the Auditors to the Members of Kent and Medway Towns Fire Authority

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# Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost in the year for providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from Council Tax. The Authority raises Council Tax to fund expenditure in accordance with regulations, and this may be different from the accounting cost basis. The Council Tax position is shown in the Movement in Reserves Statement.

| All figures are in £'000 | 2023/24 | | | | 2024/25 | | |
|---|---|---|---|---|---|---|---|
| **Gross Exp.** | **Gross Income** | **Net** | | Note | **Gross Exp.** | **Gross Income** | **Net** |
| 58,008 | -7,194 | 50,814 | Operational Response and Resilience | | 63,818 | -6,403 | 57,415 |
| 7,889 | -633 | 7,256 | Prevention and Protection* | | 8,245 | -643 | 7,602 |
| 23,571 | -843 | 22,728 | Customer Services | | 24,672 | -1,096 | 23,576 |
| 2,692 | - | 2,692 | Pensions, Financing and Other Costs | | 7,934 | - | 7,934 |
| **92,160** | **-8,670** | **83,490** | **Cost of Services** | 7 | **104,669** | **-8,142** | **96,527** |
| | | | **Other Operating Expenditure** | | | | |
| 80 | - | 80 | Gain(-) / Loss on disposal of non-current assets | | 39 | | 39 |
| | | | **Financing & Investment Income & Expenditure** | | | | |
| 20 | - | 20 | Interest payable and similar charges | 7 | 27 | - | 27 |
| 30,076 | - | 30,076 | Net interest on the defined benefit liability | | 30,496 | - | 30,496 |
| - | -2,472 | -2,472 | Interest and Investment income | 7 | | -3,052 | -3,052 |
| - | 41 | 41 | Gain(-) / Loss on financial instruments carried at fair value through profit or loss | 7 | | -86 | -86 |
| | | | **Taxation and Non-Specific Grant Income** | | | | |
| - | -57,546 | -57,546 | Council Tax income | 7 | | -60,765 | -60,765 |
| - | -15,728 | -15,728 | Non-domestic rates and top-up grant | 7 | | -16,283 | -16,283 |
| - | - | - | Capital Grants and Contributions | 20 | | -757 | -757 |
| - | -12,087 | -12,087 | Non ring-fenced grants | 7,20 | | -17,656 | -17,656 |
| - | -16,476 | -16,476 | Government grant payable to pension fund | 28 | | -25,467 | -25,467 |
| | | **9,398** | **Deficit on Provision of Services** | | | | **3,023** |
| | | 495 | Surplus(-) / Deficit on revaluation of property, plant and equipment | 8 | | | 9,968 |
| | | -7,898 | Re-measurements of the net defined benefit liability | 16,25 | | | -26,373 |
| | | **-7,403** | **Other Comprehensive Income and Expenditure** | | | | **-16,405** |
| | | **1,995** | **Total Comprehensive Income and Expenditure** | | | | **-13,382** |

*Renamed from Customer Safety, Building Safety and Engagement

# Movement in Reserves Statement

The Movement in Reserves Statement which follows, shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those reserves that can be applied to fund expenditure or reduce the requirement for future Council Tax) and other reserves. The Code requires the previous year's figures to be disclosed in this Statement, hence both years are shown below. The note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that adjustments are made against.

## General Fund Balance

The General Fund is the statutory fund into which all receipts of the Authority are required to be paid and from which all liabilities are met, except to the extent that statutory rules might provide otherwise. These rules can specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

## Earmarked Reserves

The Authority holds a number of discretionary Earmarked Reserves to fund future expenditure or to meet potential future budget pressures. If an Earmarked Reserve is no longer required for its designated purpose the funds will be returned to the General Fund.

## Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The year-end balance on the reserve shows the resources that are available to be applied for these purposes in future years.

## Unapplied Capital Grants Reserve

The Capital Grant Unapplied Account (reserve) holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet capital expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place. The Authority does not currently hold any unapplied capital grants.

# Movement in Reserves Statement

The Net Increase/Decrease before the Transfers to Earmarked Reserves line in the table below shows the statutory General Fund Balance before any discretionary transfers to or from Earmarked Reserves are undertaken by the Authority. The 2024/25 Movement in Reserves Statement follows on from the 2023/24 Statement below:

| **2023/24**<br>All figures are in £'000 | Notes | **General Fund Balance** | **Earmarked Reserves** | **Capital Receipts Reserve** | **Total Usable Reserves** | **Unusable Reserves** | **Total Reserves** |
|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2023 brought forward** | | **-3,970** | **-31,833** | **-9,856** | **-45,659** | **525,753** | **480,094** |
| Movement in reserves during 2023/24: | | | | | | | |
| Deficit on the provision of services | 6 | 9,398 | - | - | 9,398 | - | 9,398 |
| *Other Comprehensive Income and Expenditure* | | | | | | | |
| Re-measurements of the net defined benefit liability | 25 | - | - | - | - | -7,745 | -7,745 |
| Changes to injury scheme | 25 | - | - | - | - | -153 | -153 |
| Revaluation gains charged to the revaluation reserve | 16 | - | - | - | - | -3,131 | -3,131 |
| Revaluation losses charged to revaluation reserve | | - | - | - | - | 3,626 | 3,626 |
| **Total Comprehensive Income and Expenditure** | | **9,398** | **-** | **-** | **9,398** | **-7,403** | **1,995** |
| **Adjustments between accounting basis and funding basis under regulations**<br>**Adjustments to revenue resources** | | | | | | | |
| *Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:* | | | | | | | |
| Pension costs transferred to or from the Pensions Reserve: | | | | | | | |
| Net retirement benefits as per IAS19 | 25 | -38,213 | - | - | -38,213 | 38,213 | - |
| Gain in relation to Government grant payable to the pension fund | 28 | 16,476 | - | - | 16,476 | -16,476 | - |
| Employer's contribution to pension schemes | 16 | 14,077 | - | - | 14,077 | -14,077 | - |
| Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account) | 16 | -143 | - | - | -143 | 143 | - |
| Accrued annual leave (tfr'd to the accumulated absences reserve) | 16 | -23 | - | - | -23 | 23 | - |

# Movement in Reserves Statement

**2023/24 continued**

| All figures are in £'000 | Notes | General Fund Balance | Earmarked Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|---|---|---|---|---|---|---|---|
| *Reversal of entries included in the surplus or deficit on the Provision of Services, in relation to Capital Expenditure(these items are charged to the capital adjustment account)* | | | | | | | |
| Depreciation and impairment of non-current assets | 8 | -5,816 | - | - | -5,816 | 5,816 | - |
| Revaluation gains/losses on property, plant and equipment | 16 | -682 | - | - | -682 | 682 | - |
| Revaluation gains/losses on assets held for sale | 16 | - | - | - | - | - | - |
| Derecognition of non-current assets and non-current assets held for sale | | -108 | - | - | -108 | 108 | - |
| **Total adjustments to revenue resources** | | **-14,432** | **-** | **-** | **-14,432** | **14,432** | **-** |
| **Adjustments between revenue and capital resources** | | | | | | | |
| Transfer of cash sale proceeds as part of the gain/(loss) on disposal | | 29 | - | -29 | - | - | - |
| Administrative costs of non-current asset disposals | | -1 | - | 1 | - | - | - |
| Statutory provision for the repayment of debt | 16,22 | 59 | - | - | 59 | -59 | - |
| Voluntary provision for the repayment of debt | 16,22 | 514 | - | - | 514 | -514 | - |
| Capital expenditure funded from revenue contribution | 16,22 | 2,592 | - | - | 2,592 | -2,592 | - |
| Revenue Expenditure Funded from Capital Under Statute | 16,22 | -12 | - | - | -12 | 12 | - |
| **Total adjustments between revenue and capital resources** | | **3,181** | **-** | **-28** | **3,153** | **-3,153** | **-** |
| **Adjustment to capital resources** | | | | | | | |
| Use of capital receipts reserve to finance capital expenditure | 22 | - | - | 1,330 | 1,330 | -1,330 | - |
| **Total adjustments to capital resources** | | **-** | **-** | **1,330** | **1,330** | **-1,330** | **-** |
| | | | | | | | |
| **Net (increase)/decrease before transfer to Earmarked Reserves** | 15 | **-1,853** | **-** | **1,302** | **-551** | **2,498** | **1,947** |
| Transfers to/from Earmarked Reserves | | 1,563 | -1,563 | | | | |
| (Increase)/Decrease in 2023/24 | 15,16 | -290 | -1,563 | 1,302 | -551 | 2,498 | 1,947 |
| **Balance at 31 March 2024** | | **-4,260** | **-33,396** | **-8,554** | **-46,210** | **528,299** | **482,089** |
| *Amounts held for revenue purposes* | | -4,260 | -10,091 | | -14,351 | 643,039 | 628,688 |
| *Amounts held for capital purposes* | | - | -23,305 | -8,554 | -31,859 | -114,740 | -146,599 |

# Movement in Reserves Statement

**2024/25**

| All figures are in £'000 | Notes | General Fund Balance | Earmarked Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2024 brought forward** | | **-4,260** | **-33,396** | **-8,554** | **-46,210** | **528,299** | **482,089** |
| | | | | | | | |
| Movement in reserves during 2024/25: | | | | | | | |
| Surplus on the provision of services | 6 | 3,023 | - | - | 3,023 | - | 3,023 |
| *Other Comprehensive Income and Expenditure* | | | | | | | |
| Re-measurements of the net defined benefit liability | 25 | - | - | - | - | -23,927 | -23,927 |
| Changes to injury scheme | 25 | - | - | - | - | -2,446 | -2,446 |
| Revaluation gains charged to revaluation reserve | 16 | - | - | - | - | -2,267 | -2,267 |
| Revaluation losses charged to revaluation reserve | 16 | - | - | - | - | 12,235 | 12,235 |
| | | | | | | | |
| **Total Comprehensive Income and Expenditure** | | **3,023** | **-** | **-** | **3,023** | **-16,405** | **-13,382** |
| | | | | | | | |
| **Adjustments between accounting basis and funding basis under regulations** | | | | | | | |
| **Adjustments to revenue resources** | | | | | | | |
| *Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:* | | | | | | | |
| | | | | | | | |
| Pension costs transferred to or from the Pensions Reserve: | | | | | | | |
| Net retirement benefits as per IAS19 | 25 | -44,034 | - | - | -44,034 | 41,904 | -2,130 |
| Gain in relation to Government grant payable to the pension fund | 28 | 25,467 | - | - | 25,467 | -25,467 | - |
| Employer's contribution to pension schemes | 16 | 17,908 | - | - | 17,908 | -17,908 | - |
| Council Tax and non-domestic rate income (transfers to or from collection fund adjustment account) | 16 | -166 | - | - | -166 | 166 | - |
| Accrued annual leave (tfr'd to the accumulated absences reserve) | 16 | -89 | - | - | -89 | 89 | - |

# Movement in Reserves Statement

| 2024/25 continued<br>All figures are in £'000 | Notes | General Fund Balance | Earmarked Reserves | Capital Receipts Reserve | Total Usable Reserves | Unusable Reserves | Total Reserves |
|---|---|---|---|---|---|---|---|
| *Reversal of entries included in the surplus or deficit on the Provision of Services, in relation to Capital Expenditure(these items are charged to the capital adjustment account)* | | | | | | | |
| Depreciation and impairment of non-current assets | 8 | -6,276 | - | - | -6,276 | 6,276 | - |
| Revaluation gains/losses on property, plant and equipment | 16 | -3,245 | - | - | -3,245 | 3,245 | - |
| Revaluation gains/losses on assets held for sale | 16 | - | - | - | - | - | - |
| Assets sold written out as part of the gain/(loss) on disposal | | -131 | - | - | -131 | 131 | - |
| **Total adjustments to revenue resources** | | **-10,566** | **-** | **-** | **-10,566** | **8,436** | **-2,130** |
| **Adjustments between revenue and capital resources** | | | | | | | |
| Transfer of non-current asset sale proceeds as part of the gain/(loss) on disposal | | 94 | - | -94 | - | - | - |
| Administrative costs of non-current asset disposals | | -1 | - | 1 | - | - | - |
| Statutory provision for the repayment of debt | 16,22 | 104 | - | - | 104 | -104 | - |
| Voluntary provision for the repayment of debt | 16,22 | 1,191 | - | - | 1,191 | -1,191 | - |
| Capital expenditure funded from revenue contribution | 16,22 | 1,719 | - | - | 1,719 | -1,719 | - |
| Revenue Expenditure Funded from Capital Under Statute | 16,22 | - | - | - | - | - | - |
| **Total adjustments between revenue and capital resources** | | **3,107** | **-** | **-93** | **3,014** | **-3,014** | **-** |
| **Adjustment to capital resources** | | | | | | | |
| Use of capital receipts reserve to finance capital expenditure | 22 | - | - | - | - | - | - |
| Capital Grant and contributions applied | | 150 | - | - | 150 | -150 | - |
| Donated Asset Contribution | | 607 | - | - | 607 | -607 | - |
| **Total adjustments to capital resources** | | **757** | **-** | **-** | **757** | **-757** | **-** |
| **Net (increase)/decrease before transfer to Earmarked Reserves** | 15 | **-3,679** | **-** | **-93** | **-3,772** | **-11,740** | **-15,512** |
| Transfers to/from Earmarked Reserves | | 3,259 | -3,259 | | | | |
| (Increase)/Decrease in 2024/25 | 15, 16 | -420 | -3,259 | -93 | -3,772 | -11,740 | -15,512 |
| **Balance at 31 March 2025** | | **-4,680** | **-36,655** | **-8,647** | **-49,982** | **516,559** | **466,577** |
| *Amounts held for revenue purposes* | | -4,680 | -11,456 | - | -16,136 | 615,449 | 599,313 |
| *Amounts held for capital purposes* | | - | -25,199 | -8,647 | -33,846 | -98,890 | -132,736 |

# Balance Sheet

The Balance Sheet shows the value as at 31 March of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories: usable and unusable reserves. Only the usable reserves represent resources available to the Authority to spend on services, the purchase of assets or to repay debt. Unusable reserves cannot be used by the Authority.

| 31 March 2024 | All figures are in £'000 | Notes | | 31 March 2025 |
|---|---|---|---|---|
| | Property, Plant and Equipment: | | | |
| 98,074 | Land and buildings | 8 | 81,567 | |
| 13,775 | Vehicles, plant and equipment | 8 | 14,916 | |
| 4,741 | Assets under construction | 8 | 5,817 | |
| - | Surplus assets not held for sale | 8 | - | |
| - | Leased Assets | 23 | 336 | |
| **116,590** | **Long Term Assets** | | | **102,636** |
| | | | | |
| 35,099 | Short Term Investments | 9 | 42,865 | |
| 30 | Assets Held for Sale | 12 | 216 | |
| 330 | Inventories | | 316 | |
| 14,460 | Short term Debtors | 10 | 12,389 | |
| 8,215 | Cash and Cash Equivalents | 9,11 | 23,511 | |
| **58,134** | **Current Assets** | | | **79,297** |
| | | | | |
| -400 | Short Term Borrowing | 9 | - | |
| -11,811 | Short Term Creditors | 13 | -31,965 | |
| - | Short Term Creditors - Leases | | -41 | |
| -1,676 | Provisions | 14 | -1,252 | |
| **-13,887** | **Current Liabilities** | | | **-33,258** |
| | | | | |
| | Other Long Term Liabilities: | | | |
| - | Long Term Creditors - Leases | | -170 | |
| -642,926 | Firefighters' pension liability | 25 | -615,082 | |
| **-642,926** | **Long Term Liabilities** | | | **-615,252** |
| | | | | |
| **-482,089** | **Net Assets** | | | **-466,577** |
| | | | | |
| | Usable Reserves: | | | |
| -4,260 | General reserves | 15 | -4,680 | |
| -33,396 | Earmarked reserves | 15 | -36,655 | |
| -8,554 | Usable capital receipts | | -8,647 | |
| | | | | |
| 528,299 | Unusable Reserves | 16 | 516,559 | |
| | | | | |
| **482,089** | **Total Reserves** | | | **466,577** |

# Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the financial year. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of Council Tax and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital, i.e. borrowing to the Authority.

| 31 March 2024 | All figures are in £'000 | Notes | 31 March 2025 |
|---|---|---|---|
| | **Operating Activities** | | |
| | **Cash Outflows** | | |
| 72,007 | Cash paid to and on behalf of employees | | 66,466 |
| 26 | Interest paid | | 30 |
| 19,417 | Cash paid to suppliers of goods and services | | 21,622 |
| **91,450** | **Cash outflows generated from operating activities** | | **88,118** |
| | **Cash inflows** | | |
| -58,043 | Precepts received | | -60,541 |
| -603 | Other Local Govt Finance Settlement Grants | | -1,631 |
| -7,330 | Revenue support grant | | -11,352 |
| -10,836 | Business Rates | | -12,306 |
| - | Capital grants received | | -815 |
| -8,480 | Business Rate top-up grant | | -8,886 |
| -4,070 | Other revenue grants | | -14,820 |
| -2,446 | Cash received for goods and services | | -2,253 |
| -2,337 | Interest received | | -2,776 |
| -634 | Other operating cash receipts | | -1,469 |
| **-94,779** | **Cash inflows generated from operating activities** | | **-116,849** |
| **-3,329** | **Net cash inflow from operating activity** | | **-28,731** |
| | **Investing Activities** | | |
| 5,375 | Purchase of property, plant and equipment | | 5,410 |
| -28 | Proceeds from sale of property, plant and equipment | | -93 |
| -655 | Temporary investments | | 7,679 |
| **4,692** | **Net cash flows generated from investing activity** | | **12,996** |
| | **Financing Activities** | | |
| 301 | Repayment of amounts borrowed | 9 | 400 |
| - | Lease Payment | | 39 |
| **301** | **Net cash flows from financing activities** | | **439** |
| **1,664** | **Net increase in cash and cash equivalents** | | **-15,296** |
| 9,879 | Cash and cash equivalents at 1 April | 11 | 8,215 |
| **-1,664** | **Movement in year** | | **15,296** |
| 8,215 | Cash and cash equivalents at 31 March | 11 | 23,511 |

# Notes to the Statement of Accounts

## 1. Accounting policies

Detailed below are the general accounting policies of the Authority. Other policies which refer to specific financial statement lines are detailed with the relevant note to the accounts. The policy is shown shaded in the relevant note.

### General Principles

The accounts of the Fire and Rescue Authority have been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS) and other approved accounting standards. The accounts have been prepared with the objective of providing financial information that is useful to a wide range of users in making decisions about providing resources to the Authority and assessing the stewardship of the Authority's management.

Accounting policies are the principles, bases, and practices applied when preparing accounts, that specify how the effects of transactions and other events are to be reflected in the Statement of Accounts through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. When selecting and applying accounting policies the qualitative characteristics of financial information such as relevance, materiality and a faithful representation are taken into account.

## 1.1 Accounting convention

These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of property, plant and equipment. They are prepared on a going concern basis.

The particular policies adopted by the Authority are shown below. They have been applied consistently in dealing with items considered material in relation to the accounts.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

Revenue from contracts for the sale of goods or provision of services is recognised in the financial year when the goods are sold or when the services are provided in accordance with the performance obligations of the contract.

Revenue relating to Council Tax and Non-Domestic Rates (NDR) shall be measured at the full amount receivable (net of any impairment losses). A debtor/creditor position between billing authorities and Kent Fire and Rescue as the precepting body is required to be recognised for the cash collected by the billing Council from Council Tax and Non-Domestic Rates debtors that belongs proportionately to the billing council and preceptors such as Kent Fire, Police and Kent County Council. The effect of any bad debts written off or adjustment in provisions are also shared proportionately.

Expenditure on goods and services (including services provided by employees) are recorded as expenditure in the financial year that they are received. Adjustments are made at the end of the financial year if a significant portion of goods received will not be used until the following year, i.e. fuel stock.

Interest receivable on deposits and payable on loans is accounted for as income and expenditure respectively, on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by contracts.

# Notes to the Statement of Accounts

Where income or expenditure has been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. The balance on debtors may be written down by a provision to reflect an estimate of the amount of any debts that may not be recovered.

## 1.2 Critical accounting, judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies, officers are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates, but the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods, if the revision affects both current and future periods.

### 1.2.1 Critical judgements in applying accounting policies

The Authority is required to disclose any critical judgements, apart from those involving estimations that officers have made in the process of applying the Authority's accounting policies. See Note 3 for details.

## 1.3 Other expenses

Other operating expenses, such as for goods and services, are recognised in the accounts in the financial year in which the goods are delivered or the services received. The exception to this is for utility bills where the accounts may include a twelve-month charge for certain utilities, but the charge is not necessarily adjusted to match the financial year as it is not considered material nor always practical to do so, but, where appropriate, it does represent a charge for a twelve-month period. Any material change with regard to utility accounts will be monitored through the Authority's budget monitoring report and adjusted in the event of a material change at the end of the financial year to ensure costs are reflected in the correct financial year.

## 1.4 Income

Income is accounted for in the financial year that services are provided in accordance with the performance obligations of the contract. Income includes contract income for the provision of firefighting services in the Channel Tunnel, contributions from third parties towards joint-funded projects, insurance recoveries and income from the sale of obsolete vehicles and equipment. Debtors are shown net of any provision made for bad or doubtful debts.

## 1.5 Government Grants and Contributions

Where the condition of a grant or contribution has been satisfied for any grant or contribution received or where there is reasonable assurance it will be received, the amount of the grant or contribution will be included in the Comprehensive Income and Expenditure Statement. Conditions are defined as stipulations that specify the terms under which a grant or contribution is to be used.

If the conditions have not yet been met, then any grant or contribution received would be shown in the Balance Sheet as a receipt in advance within creditors. When conditions for a grant or contribution have been satisfied, the grant or contribution is credited to the relevant service line (within gross income) or as Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

# Notes to the Statement of Accounts

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### 1.6 Revenue expenditure funded from capital under statute

This is expenditure which qualifies as capital for control purposes, but which does not result in the acquisition, creation or enhancement of a property, plant or equipment asset. These costs are charged direct to revenue expenditure and any related capital grant will also be credited to revenue income.

### 1.7 Treatment of Value Added Tax

VAT paid and received is accounted for separately and is not included as income or expenditure of the Authority, except where it is not recoverable.

### 1.8 Redemption of Debt

The Authority is required to set aside an amount each year for the redemption of debt. There is a statutory requirement for the Authority to charge the Council Tax payer with a minimum revenue provision (MRP) which represents 4% of the outstanding borrowing liability for historic debt. In addition, the Authority makes additional voluntary provisions which aligns the charge to the Council Tax payer with the life of the asset. All new debt has a minimum revenue provision (MRP) set aside calculated on the asset life.

### 1.9 Prior Period Adjustments

These adjustments are only made when there are changes in accounting policies required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions or other events and conditions on the Authority's financial position. Where a prior year adjustment is made it adjusts the opening balances and comparative amounts for the period as if the new policy had always been applied.

## 2. Accounting Standards that have been issued but have not yet been adopted

The Authority has considered the impact of accounting changes that will be required by any new accounting standards that have been issued but not yet adopted by the Code for 2025/26. These changes relate to accounting amendments, IAS 21 Effects of Changes in Foreign Exchange Rate, IFRS 17 Insurance Contracts. These changes are not expected to have a material impact on the Authority's Accounts. The changes to the measurement of non-investment assets within the 2025/26 Code includes adaptions and interpretations of IAS16 Property, Plant and Equipment and IAS38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historic cost approach. As our large value assets are revalued each year, we would not expect this to have a material impact this will however be dependent on arrangements in place at that time.

## 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The

# Notes to the Statement of Accounts

critical judgements made in the Statement of Accounts are:

- There is a certain amount of uncertainty about future levels of Government funding. However, the Authority has determined that this uncertainty is not sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision and therefore is unlikely to impact on Note 8 with regard to property, plant and equipment.

- There is uncertainty about the level of ground contamination in the land surrounding our Fire stations. The Authority commissioned a high-level environmental sensitivity review of all fire stations across Kent, given that land contamination had been identified at both Medway prior to sale and Ashford land prior to development. The primary focus was PFOS which was part of a group of compounds used for firefighting foam between 1964 and 2011. Our previous valuers used the estimated cost of land remediation at the Ashford site as a basis to estimate the costs to be deducted from the land value for those sites identified as part of the sensitivity review. Since then, the actual costs for land remediation at Ashford have been incurred and have proven to be higher than the initial estimate. We have since commissioned our existing Quantity Surveyors for Ashford who have worked on a number of our sites to undertake a review of the existing high-level environmental sensitivity review data held and provide an estimate for the remediation costs for suspected key contaminants on each site. They have identified key hot spots on each site and the likelihood of a range of contaminates based on historic and current use which our valuers have used in determining our land valuations. There are two fire stations that have been identified as being near to a water course and in the event that ground contamination is confirmed in the future it is likely that we will require further detailed investigations to be undertaken with the Environment Agency which could require a permeable reactive barrier to be installed. Should it be established that contamination does exist, or the property is affected by other environmental factors, this might reduce the value further to that now reported in Note 8.

## 4. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

### Property, Plant and Equipment

The effect of any over or under estimation on the revaluation of property plant and equipment cannot be quantified until the asset is disposed of. The carrying amount of Land and Buildings at the end of the reporting period is £81.567m and therefore a reduction of 1% in the value would reduce the balance sheet by £816k.

Assets are depreciated over their useful lives and are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Authority had to make cuts to its spending and was unable to sustain its current spending on repairs and maintenance, it could bring into doubt the useful lives assigned to assets.

The carrying value of depreciating assets at 31 March 2025 is £68m. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property plant and equipment assets would increase by £578k for every year that useful lives had to be reduced.

# Notes to the Statement of Accounts

## Pension Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The carrying amount of the defined benefit obligation on all Pension Schemes at 31 March 2025 is £693.945m (Note 25).

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 1-year increase in the life expectancy assumption would result in an increase in the Pension Scheme liabilities of £24.714m.

The table on page 73 provides further details on the assumptions used and their financial impact.

However, by applying IAS 19 and the asset ceiling provision to the LGPS plan, the Authority has recognised a pension plan asset of nil. This is on the basis of the actuary's assumptions that are set out in Note 25.

## Impairment of Debtors

The debtors figure included in the accounts for Council Tax and Business Rates (NNDR) includes an estimation for those debts that may not be recovered. The bad debt calculation is completed by each billing authority (12 Districts and 1 Unitary) and returned to us as the precepting authority to enable us to account for our share. An impairment allowance of £3.858m has been set aside in relation to Council Tax debts that may not be received and £290k in relation to Business Rates debts that may not be received. A provision of £744k has been set aside for business rate appeals that have yet to be determined. Any variation in actual recovery of Council Tax or Business Rates would affect the final collection fund surplus/deficit position, in particular the financial impact on the cost-of-living crisis may affect residents' ability to pay. This in turn would impact on future year's budgets when recognised in line with statutory requirements.

## 5. Events after the reporting Period

There are no events to report.

# Notes to the Statement of Accounts

## 6. Expenditure and Funding Analysis

The Expenditure and Funding Analysis note shows how annual expenditure is used and funded from resources (Government grants, Council Tax and Business Rates) in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making between the Authority's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

| All figures are in £'000 | | | | | **2023/24** |
|---|---|---|---|---|---|
| | **Outturn as reported to Authority** | **Adjustments** | **Net Expenditure Chargeable to the General Fund** | **Adjustments between the Funding and Accounting Basis** | **Net Expenditure in the Comprehensive Income and Expenditure Statement** |
| | | | | See Note 6a | |
| Operational Response and Resilience | 50,595 | -45 | 50,550 | 264 | 50,814 |
| Customer Safety, Building Safety and Engagement* | 7,473 | -162 | 7,311 | -55 | 7,256 |
| Customer Services | 22,476 | 29 | 22,505 | 223 | 22,728 |
| Pensions, Financing and Other Costs | 1,826 | 705 | 2,531 | 161 | 2,692 |
| **Net Cost of Services** | **82,370** | **527** | **82,897** | **593** | **83,490** |
| Other Income and Expenditure | | | -84,750 | 10,658 | -74,092 |
| **Surplus (-) or Deficit** | | | **-1,853** | **11,251** | **9,398** |

*Renamed to Prevention and Protection for 2024/25

| | |
|---|---|
| Opening General and Earmarked Reserves Balance | 35,803 |
| Less Deficit on General Fund in the year | 1,853 |
| **Closing General and Earmarked Reserves Balance** | **37,656** |

# Notes to the Statement of Accounts

| All figures are in £'000 | | | | | 2024/25 |
|---|---|---|---|---|---|
| | **Outturn as reported to Authority** | **Adjustments** | **Net Expenditure Chargeable to the General Fund** | **Adjustments between the Funding and Accounting Basis** | **Net Expenditure in the Comprehensive Income and Expenditure Statement** |
| | | | | See Note 6a | |
| Operational Response and Resilience | 57,291 | -486 | 56,805 | 610 | 57,415 |
| Prevention and Protection* | 7,767 | 163 | 7,930 | -328 | 7,602 |
| Customer Services | 25,372 | -1,719 | 23,653 | -77 | 23,576 |
| Pensions, Financing and Other Costs | 3,521 | -622 | 2,899 | 5,035 | 7,934 |
| **Net Cost of Services** | **93,951** | **-2,664** | **91,287** | **5,240** | **96,527** |
| Other Income and Expenditure | | | -94,966 | 1,462 | -93,504 |
| **Surplus (-) or Deficit** | | | **-3,679** | **6,702** | **3,023** |

*Renamed from Customer Safety, Building Safety and Engagement

| | |
|---|---|
| Opening General and Earmarked Reserves Balance | 37,656 |
| Plus surplus on General Fund in the year | 3,679 |
| **Closing General and Earmarked Reserves Balance** | **41,335** |

# Notes to the Statement of Accounts

## 6a Expenditure and Funding Analysis – Adjustments Between Funding and Accounting Basis

For internal reporting and budget monitoring purposes, the revenue budget is in a different format from the presentation required by the CIPFA Code for the Comprehensive Income and Expenditure Statement. The table below provides a reconciliation of the final revenue budget underspend on services compared to the deficit shown on the Comprehensive Income and Expenditure Statement.

| 2023/24 | | | | | 2024/25 | | | |
|---|---|---|---|---|---|---|---|---|
| **Adjustment for Capital Purposes** | **Net Change for the Pensions Adjustment** | **Other Differences** | **Total Adjustments** | All figures are in £'000 | **Adjustment for Capital Purposes** | **Net Change for the Pensions Adjustment** | **Other Differences** | **Total Adjustments** |
| 5,959 | -5,719 | 24 | 264 | Operational Response and Resilience | 8,986 | -8,427 | 51 | 610 |
| 112 | -168 | 1 | -55 | Prevention and Protection* | 43 | -398 | 27 | -328 |
| 428 | -203 | -2 | 223 | Corporate Teams | 492 | -580 | 11 | -77 |
| 11 | 150 | - | 161 | Pensions, Financing and Other Costs | - | 5,035 | - | 5,035 |
| **6,510** | **-5,940** | **23** | **593** | **Net Cost of Services** | **9,521** | **-4,370** | **89** | **5,240** |
| **-3,085** | **13,600** | **143** | **10,658** | **Other Income and Expenditure from the Funding Analysis** | **-3,733** | **5,029** | **166** | **1,462** |
| 3,425 | 7,660 | 166 | 11,251 | Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus | 5,788 | 659 | 255 | 6,702 |

*Renamed from Customer Safety, Building Safety and Engagement

# Notes to the Statement of Accounts

## 7. Expenditure and Income Analysed by Nature

The following table provides a breakdown of expenditure and income by type that is included in the calculation of the deficit on the provision of services. These costs include notional charges which are reversed when identifying the amount to be charged to taxation.

| All figures are in £'000 | 2023/24 | 2024/25 |
|---|---|---|
| Employee expenses | 73,969 | 81,134 |
| Other operating expenses | 17,610 | 18,295 |
| Depreciation | 5,816 | 6,276 |
| Revaluation gains (-) / losses on property, plant and equipment | 682 | 3,245 |
| IAS19 adjustment | -5,940 | -4,370 |
| Employee leave accrual adjustment | 23 | 89 |
| **Expenditure charged to Cost of Services** | **92,160** | **104,669** |
| Government grants and contributions | -5,571 | -5,099 |
| Fees, charges and other service income | -3,099 | -3,043 |
| **Income credited to Cost of Services** | **-8,670** | **-8,142** |
| **Net expenditure charged to Cost of Services** | **83,490** | **96,527** |
| Interest payments | 20 | 27 |
| Pensions interest cost | 34,290 | 34,933 |
| Expected return on pensions assets | -4,292 | -4,523 |
| LGPS administration expenses | 78 | 86 |
| Gain (-) / Loss on disposal of assets | 80 | 39 |
| **Expenditure charged to Provision of Services** | **30,176** | **30,562** |
| Pension fund top-up grant | -16,476 | -25,467 |
| Interest and investment income | -2,472 | -3,052 |
| Gain (-) / Loss on financial instruments carried at fair value through profit or loss | 41 | -86 |
| Income from Council Tax | -57,546 | -60,765 |
| Income from Business Rates and top-up grant | -15,728 | -16,283 |
| Capital Grants and Contributions | | -757 |
| Non ring-fenced Government grants | -12,087 | -17,656 |
| **Income credited to Provision of Services** | **-104,268** | **-124,066** |
| **Expenditure and Income charged to Provision of Services** | **-74,092** | **-93,504** |
| **Deficit on Provision of Services** | **9,398** | **3,023** |

# Notes to the Statement of Accounts

## 7a. Revenue from Contracts with Service Recipients

**Policy:**

The Authority recognises revenue from contracts with service recipients in accordance with the provisions of IFRS 15 Revenue from Contracts with Customers, as reflected in the Code of Practice. Revenue is recognised in the financial year that services are provided in accordance with the performance obligations of the contract.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with Service recipients:

| All figures are in £'000 | 2023/24 | 2024/25 |
|---|---|---|
| Revenue from contracts with service recipients: | | |
| Operational Response and Resilience – provision of fire cover | 2,440 | 2,262 |
| **Total included in Comprehensive Income and Expenditure Statement** | **2,440** | **2,262** |

Amounts included in the Balance Sheet for contracts with service recipients:

| All figures are in £'000 | 2023/24 | 2024/25 |
|---|---|---|
| Receivables, which are included in debtors net of VAT (Note 10) | 615 | - |
| **Total included in Net Assets** | **615** | **-** |

The value of revenue that is expected to be recognised in the future related to performance obligations (as set out in the contract) that are unsatisfied at the end of the year is:

| All figures are in £'000 | 2023/24 | 2024/25 |
|---|---|---|
| Not later than one year | 2,258 | - |
| Later than one year and not later than five years | - | - |
| **Amounts of transaction price fully unsatisfied** | **2,258** | **-** |

Revenue relates to the recovery of staffing costs. The performance obligations of the contract are met when services are rendered. An invoice is raised for a fixed amount each month for services provided in the preceding month.

# Notes to the Statement of Accounts

## 8. Property, Plant and Equipment

**Policy:**

Valuation - Where Property, Plant and Equipment has physical substance and they are held for the production or the supply of goods and services or administrative purposes and are expected to provide a benefit for more than one year, they are classified as capital assets. Expenditure in relation to these assets is recognised on an accruals basis and all expenditure on vehicles and building components that complies with the criteria set in statute within the Local Government Act 2003 is capitalised. There is a de-minimis limit of £10k for all other individual items of capital expenditure. Items that form part of the initial equipping of a new operational vehicle or in the setting up of a new building are capitalised as part of that project irrespective of their individual cost.

Assets that are undergoing work which results in them not being completed or becoming operational at the year-end results in the asset being carried forward in “assets under construction”. Expenditure incurred during the year that is capital under statutory provisions but that does not result in the creation of a non-current asset is charged to the Comprehensive Income and Expenditure Statement in the year that it occurs and then reversed out through the Movement in Reserves Statement to ensure there is no impact on the Council Tax payer.

Assets are initially measured at cost and then carried on the Balance Sheet using the following measurement bases:

- Fire stations and other specialised buildings – Current value estimated using a depreciated replacement cost methodology utilising the concept of the modern equivalent asset.
- Houses and other non-specialised buildings – Current value based on existing use.
- Vehicles and equipment – Current value estimated using depreciated historic cost.
- Assets under construction – Actual cost.
- Surplus assets – Fair value based on the price that would be received on the sale of the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Authority reviews the revaluing of its land and building portfolio every year using the services of an External Valuer. A component valuation approach is used for specialised assets such as Fire Stations, with the most significant elements of a building being separately valued and the remaining useful life assessed for each element. On appointment the Valuer carried out a physical inspection of all property for the valuation prepared at 31 March 2025. The highest value fire stations and service headquarters have a full physical inspection and valuation each year, as does 25% of the remaining estate on a four-year rolling basis. For the rest of the estate values are reviewed and an adjustment made for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. Material additions to the premises estate are valued at the date of acquisition or when the capital works to the property are completed and the property brought into use. It is planned that all property will be subject to a full physical inspection again in 2029/30.

Valuations are updated for specific properties where significant improvements or modifications are made. Other minor replacements or works below £100k are included within additions at actual cost unless the actual value is expected to be materially different.

Revaluation gains are taken to the Revaluation Reserve and revaluation losses are written off against any balance on the Revaluation Reserve for that asset or to the Comprehensive Income and Expenditure Statement if the balance on the Revaluation Reserve is less than the loss.

Depreciation - The charge for depreciation is calculated on a straight-line basis over the estimated useful life of the asset taking into account the residual value of the asset. Estimated useful lives and residual

# Notes to the Statement of Accounts

values for property and plant are reviewed periodically, whereas the life and residual values of vehicles are reviewed annually. Depreciation is charged to the relevant service line in the Comprehensive Income and Expenditure Statement from the date that the asset is completed. Where a large asset, such as a fire station, includes a number of components which have significantly different asset lives and are of a material value, the components are treated as separate assets and depreciated over their own useful economic life. Property, plant, vehicles and equipment under construction are not depreciated.

At the end of the financial year a review is undertaken to see whether any asset has suffered an impairment loss. When impairment losses are identified, they are charged to the Revaluation Reserve up to the amount of the accumulated gain. Where there is no balance or an insufficient balance on the Revaluation Reserve the loss is charged to the relevant service line in the Comprehensive Income and Expenditure Statement. When an impairment loss subsequently reverses, the relevant service line is credited with the reversal up to the amount of the original loss, adjusted for the depreciation that would have been charged if a loss had not been recognised.

At the 31 March 2025 the Authority had capital commitments of £10.5m in relation to the Ashford Life Fire build, new vehicle purchases and some premises expenditure (£0.587m at 31 March 2024).

This is the range of useful asset lives used in the calculation of depreciation for each class of asset.

| Class Of Asset | Asset life for depreciation purposes |
|---|---|
| Buildings | 10 to 65 |
| Roofs | 5 to 50 |
| Drill towers | 10 to 45 |
| Bay doors | 10 to 20 |
| Generators | 10 to 25 |
| Fire appliances | 13 to 15 |
| Cars and vans | 5 to 7 |
| Other operational vehicles | 5 to 20 |
| IT Equipment | 3 to 10 |

In addition to land and buildings the Authority has a fleet of fire appliances, specialist vehicles and cars. This table provides an analysis of property assets at 31 March 2025.

| | Operational | Surplus | Held for sale |
|---|---|---|---|
| Fire Stations | 56 | - | - |
| Headquarters | 1 | - | - |
| Residential houses | 19 | - | 1 |
| Technical Rescue Centre | 1 | - | - |
| Training Centre | 1 | - | - |
| Other | 1 | - | - |

# Notes to the Statement of Accounts

## Revaluations

The Authority's External Valuers, Cluttons LLP, carried out a full valuation of the Authority's entire land and building portfolio at 31 March 2025. The highest value fire stations and service headquarters have a full physical inspection and valuation each year, as does 25% of the remaining estate on a four-year rolling basis. For the rest of the estate values are reviewed and an adjustment made for any impairment or increase in valuation as appropriate, to reflect any significant changes in values during the year. The valuations have been carried out in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The valuations are in accordance with International Valuation Standards (IVS) and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards 2025 (the Red Book).

The majority of the properties are classified as property, plant and equipment. The Authority's fire stations, Technical Rescue Centre, Equipment Store and training facilities are specialised operational properties and as such are valued at current value using the depreciated replacement cost method with a consideration of the assumed modern equivalent asset. The Authority's houses, which are occupied for operational purposes, and the Headquarters building are valued at their current value in existing use, and assets held for sale are valued at fair value.

Vehicle, plant and equipment assets are initially included at historical cost as a proxy for current value. The value and remaining life of fire appliances are subject to an annual review by the Fleet and Equipment Services Team.

The accounting policy allows for a full inspection and valuation each year for those properties that are material in value to the financial statements and thereby provide more reliable estimations on their value and also reduce the possibility of not identifying significant changes in value to the property portfolio. By undertaking a full inspection and valuation on the remaining 25% of properties across the Kent portfolio it allows for the Valuers to gain assurance and evidence for the assumptions applied across the remaining estate, thereby providing more reliable estimates and a better understanding of the condition and maintenance regime of our current properties.

# Notes to the Statement of Accounts

**2023/24**

| All figures are in £'000 | Land and Buildings | Vehicles, Plant and Equipment | Assets under Construction | Surplus Assets | Total Property, Plant and Equipment |
|---|---|---|---|---|---|
| **Cost or Valuation at 1 April 2023** | **102,177** | **34,594** | **3,145** | **30** | **139,946** |
| Additions | 642 | 1,306 | 2,759 | - | 4,707 |
| Revaluation increases / decreases (-) recognised in the revaluation reserve | -509 | 12 | - | 2 | -495 |
| Revaluation increases / decreases (-) recognised in the deficit on the provision of services | -693 | 10 | - | 1 | -682 |
| De-recognition – disposals | -4 | -955 | - | - | -959 |
| Assets reclassified | - | - | - | -30 | -30 |
| Assets under construction completed in year | 303 | 860 | -1,163 | - | - |
| Other movements in cost or valuation | -3,842 | -172 | - | -3 | -4,017 |
| **Cost or Valuation at 31 March 2024** | **98,074** | **35,655** | **4,741** | **-** | **138,470** |
| Accumulated Depreciation and Impairment at 1 April 2023 | - | -20,931 | - | - | -20,931 |
| Depreciation/impairment charge | -3,843 | -1,970 | - | -3 | -5,816 |
| Assets Reclassified | - | - | - | - | - |
| De-recognition – disposals | 1 | 849 | - | - | 850 |
| Other movements in depreciation and impairment | 3,842 | 172 | - | 3 | 4,017 |
| **Accumulated Depreciation and Impairment at 31 March 2024** | **-** | **-21,880** | **-** | **-** | **-21,880** |
| **Net Book Value at 31 March 2024** | **98,074** | **13,775** | **4,741** | **-** | **116,590** |
| Net Book Value at 31 March 2023 | 102,177 | 13,663 | 3,145 | 30 | 119,015 |

# Notes to the Statement of Accounts

**2024/25**

| All figures are in £'000 | Land and Buildings | Vehicles, Plant and Equipment | Right of Use-Leases | Assets under Construction | Surplus Assets | Total Property, Plant and Equipment |
|---|---|---|---|---|---|---|
| **Cost or Valuation at 1 April 2024** | **98,074** | **35,655** | **-** | **4,741** | **-** | **138,470** |
| Additions | 78 | 908 | 447 | 3,708 | - | 5,141 |
| Revaluation increases / decreases (-) recognised in the revaluation reserve | -10,048 | 156 | -47 | - | -29 | -9,968 |
| Revaluation increases / decreases (-) recognised in the deficit on the provision of services | -3,233 | -12 | - | - | - | -3,245 |
| De-recognition – disposals | - | -1,090 | - | - | - | -1,090 |
| Assets reclassified | -250 | - | - | - | 34 | -216 |
| Assets under construction completed in year | 789 | 2,554 | - | -2,632 | - | 711 |
| Other movements in cost or valuation | -3,843 | -155 | - | - | -5 | -4,003 |
| **Cost or Valuation at 31 March 2025** | **81,567** | **38,016** | **400** | **5,817** | **-** | **125,800** |
| Accumulated Depreciation and Impairment at 1 April 2024 | - | -21,880 | - | - | - | -21,880 |
| Depreciation/impairment charge | -3,843 | -2,364 | -64 | - | -5 | 6,276 |
| Assets Reclassified | - | - | - | - | - | - |
| De-recognition – disposals | - | 989 | - | - | - | 989 |
| Other movements in depreciation and impairment | 3,843 | 155 | - | - | 5 | 4,003 |
| **Accumulated Depreciation and Impairment at 31 March 2025** | **-** | **-23,100** | **-64** | **-** | **-** | **-23,164** |
| **Net Book Value at 31 March 2025** | **81,567** | **14,916** | **336** | **5,817** | **-** | **102,636** |
| Net Book Value at 31 March 2024 | 98,074 | 13,775 | - | 4,741 | - | 116,590 |

# Notes to the Statement of Accounts

## 9. Financial Instruments

**Policy:**

Financial assets

Financial assets are recognised within the Statement of Accounts when the Authority becomes party to the contractual provisions of the instrument or, in the case of debtors, when the contract obligations have been met. Financial assets are classified into three types; each type based on the business model for holding the instruments and the expected cashflow characteristics of them:

- Amortised Cost – These represent instruments held to collect contractual cashflows, e.g. fixed term bank deposits and loans where repayments of interest and principal take place on set dates and at specified amounts.
- Fair Value Through Other Comprehensive Income – These represent instruments held that are measured at Fair Value and held to both collect contractual cash flows and sell the financial asset on specified dates.
- Fair Value through Profit or Loss – These represent Instruments held whose objectives are all other combinations of business model and contractual cash flows.

Financial assets are de-recognised when the contractual rights have expired, or the asset has been transferred.

The Authority reviews its financial assets annually. Expected losses are calculated annually for assets that have a significant credit risk using a provision matrix based on historic write off of debt, whilst expected credit losses for investments are calculated based on the historic risk of default for each counterparty provided by the Authority's Treasury advisors, Debtors in the Balance Sheet are reduced by the impairment allowance. The subsequent impairment/loss allowance (if material) is then treated according to the Asset class:

- Assets valued at Amortised cost are reduced by the value of the expected losses (impairment) and reflected in their carrying amount.
- Assets carried at Fair Value through Other Comprehensive Income have the movements in their fair value reflected in the Financial Instruments Revaluation Reserve.
- Assets carried at Fair Value through Profit or Loss have their loss allowance recognised in the Surplus or Deficit on Provision of Services.

Financial liabilities

Financial liabilities are recognised in the Statement of Accounts when the Authority becomes party to the contractual provisions of the financial instrument, or, in the case of creditors, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is the liability has been paid or otherwise discharged.

Financial liabilities are initially recognised at fair value and are carried at their amortised cost. For creditors this will be the invoice amount.

The Authority has liabilities in relation to loans borrowed from the Public Works Loans Board and non-Public Works Loans Board creditors all of which are recognised at amortised cost.

# Notes to the Statement of Accounts

Interest payable is charged to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement in the year to which it relates.

Fair Value Hierarchy

Valuation techniques used to measure fair value are categorised into Levels 1, 2 and 3 where:
- Level 1 has an active market with quoted prices for similar instruments.
- Level 2 has some directly observable market information other than Level 1 inputs.
- Level 3 has no market information and valuation requires significant judgement by management.

## Categories of Financial Instruments

The categories of financial instruments that are carried in the Balance Sheet are shown in the table that follows:

| All figures are in £'000 | Long Term 31 March 2025 | Long Term 31 March 2024 | Short Term 31 March 2025 | Short Term 31 March 2024 |
|---|---|---|---|---|
| **Investments** | | | | |
| Current Investments[1] | - | - | 11,865 | 3,099 |
| Short term investments[2] | - | - | 31,000 | 32,000 |
| Cash and cash equivalents[2] | - | - | 23,511 | 8,215 |
| **Debtors** | | | | |
| Short term debtors[2] | - | - | 1,186 | 1,742 |
| **Borrowings** | | | | |
| Short term borrowing[2] | - | - | - | -400 |
| **Creditors** | | | | |
| Short term creditors[2] | - | - | -3,934 | -4,204 |

[1] at fair value through profit and loss using a Level 1 valuation technique.
[2] carried at amortised cost.

The Authority has no outstanding loans as at 31 March 2025.

## 10. Debtors

| All figures are in £'000 | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Central government bodies[1] | 563 | 525 |
| Other local authorities[1] | 284 | 402 |
| Collection Fund | 5,397 | 5,480 |
| Pension Fund | - | 5,562 |
| Other entities and individuals[1] | 6,145 | 2,491 |
| **Total Debtors** | **12,389** | **14,460** |

[1] Part is included in the amount shown as short-term debtors in Note 9.

Collection Fund debtors at 31 March 2025 are shown net of provisions for bad and doubtful debts £4.148m (£3.776m at 31 March 2024).

# Notes to the Statement of Accounts

## 11. Cash and Cash Equivalents

**Policy:**

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions that are immediately repayable without penalty of notice not more than 24 hours.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

| All figures are in £'000 | 31 March 2025 | 2024 |
|---|---|---|
| Bank current accounts and cash held by the Authority | 56 | 80 |
| Short term deposits | 23,455 | 8,135 |
| **Total Cash and Cash Equivalents** | **23,511** | **8,215** |

## 12. Assets Held for Sale

**Policy:**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and they meet the criteria contained in the Code. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less disposal costs. Fair value is the open market value including alternative uses.

The profit or loss arising on the disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Comprehensive Income and Expenditure Statement as a gain or loss on disposal. Where a non-current asset is sold for £10k or more the amount is credited to income and then transferred to usable capital receipts in the Balance Sheet where it is available to fund new capital expenditure.

Non-current assets that are to be scrapped or demolished do not qualify for recognition as held for sale. They are retained as property, plant and equipment or surplus assets and their economic life will be adjusted accordingly. Depreciation is not charged on assets held for sale.

### Assets Held for Sale (continued)

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| Balance at start of year | 30 | - |
| Assets newly classified as held for sale | 216 | 30 |
| Assets sold in year | -30 | - |
| **Total Assets Held For Sale** | **216** | **30** |

# Notes to the Statement of Accounts

## 13. Creditors

| All figures are in £'000 | 31 March 2025 | 31 March 2024 |
|---|---|---|
| Central government bodies[1] | 6,951 | 3,829 |
| Collection fund receipts in advance | 1,754 | 1,434 |
| Collection Fund creditor | 2,575 | 2,667 |
| Other local authorities [1,2] | 960 | 828 |
| Pension Fund | 2,706 | - |
| Other entities and individuals[1,2] | 17,230 | 3,053 |
| **Total Creditors** | **32,176** | **11,811** |

[1] Includes part of the amount shown as short term creditors in Note 9.
[2] Includes part of capital creditors totalling £638.6k (£407k at 31 March 2024).

## 14. Provisions

**Policy:**

It is the policy of the Authority to make provisions in the accounts where there is an obligation to make a payment but where the amount or timing is uncertain. Provisions are charged to expenditure when the Authority becomes aware of the obligation based on the best estimate of the likely settlement. When payments are eventually made, they are charged direct to the provision.
The level of the provision is kept under review and if the provision is not required it is reversed and credited back to expenditure in that financial year.

### Insurance and General Provision

The Authority has external cover for insurance claims. At 31 March 2025 an estimate is made of the excess that could be payable for claims notified but not yet settled. A provision therefore needs to be maintained to fund these and any other potential claims. Whilst many claims are settled within a year some do take a number of years to be resolved.

Land contamination was identified as part of the ground testing in relation to the Ashford Live Fire development. Discussions have taken place with the Environment Agency to agree the work required to remediate the site, an estimated cost for the site remediation has been obtained and has been set aside to fund the cost of the environmental works required. Works have commenced on site but are not due to complete until the first quarter of 2025/26.

### Non-Domestic Rate Appeals

This provision is the Authority's share of amounts provided for by Kent billing authorities for Non-Domestic Rates appeals.

# Notes to the Statement of Accounts

| All figures are in £'000 | Insurance Provision | General Provision | Non-Domestic Rates Appeals | Total |
|---|---|---|---|---|
| Balance at 1 April 2024 | 223 | 550 | 903 | 1,676 |
| Movements in 2024/25: | | | | |
| Additional provisions made | 37 | 147 | 758 | 942 |
| Amounts used | -51 | -310 | -903 | -1,264 |
| Unused amounts reversed | -102 | - | - | -102 |
| **Balance at 31 March 2025** | **107** | **387** | **758** | **1,252** |

## 15. Usable Reserves

**Policy**:

The Authority maintains a general fund balance equivalent to approximately 5% of the net revenue budget and also a number of Earmarked Reserves which are held for specific policy purposes or future expenditure. The Authority makes use of Earmarked Reserves in order to smooth the impact of peaks of expenditure and also to ensure resources are available to meet known commitments and liabilities.

Reserves are created by appropriating amounts out of the general fund balance in the Movement in Reserves Statement. When expenditure to be funded from the reserve is incurred it is charged to the appropriate service line in year. The reserve is then appropriated back into the general fund balance in the Movement in Reserves Statement so that there is no charge in that year to the Council Tax payer.

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement. The relevance and balance of each reserve is reviewed annually, the purpose of each of the Earmarked Reserves is described below.

### Government Grants

This reserve contains unspent Government grants that are being rolled forward for use in future years.

### Infrastructure

This reserve is used to fund expenditure on infrastructure assets (premises, environmental improvements, IT and communications equipment, as well as vehicles and operational equipment) and includes a significant programme of investment in station improvements / redevelopments and vehicle purchases over the medium term.

### Insurance and Resource

This reserve is used to smooth the impact of insurance claim volatility between financial years. It also provides an additional resource, should it be needed, to meet excessive costs in any one year, arising from the new Insurance Mutual Company arrangements. Given the volatility of the financial and economic markets, this reserve is also used to resource any one-off in year increases in costs that may arise at relatively short notice, for example excessive inflationary increases.

# Notes to the Statement of Accounts

### Rolling Budgets

This reserve is used to fund committed expenditure where the goods or services will not be received or delivered until the following financial year.

### Service Transformation and Productivity

This reserve is used as a one-off funding resource to help pump-prime new initiatives or improvements to the Service. It will also help support collaborative initiatives with other blue light services and partner agencies.

This table below sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts transferred from Earmarked Reserves to meet General Fund expenditure in 2024/25.

| All figures are in £'000 | Balance at 1 April 2024 | Net Reserve Transfers 2024/25 | Balance at 31 March 2025 |
|---|---|---|---|
| **General Fund Balance** | **4,260** | **420** | **4,680** |
| Earmarked Reserves: | | | |
| - Government Grants | 904 | -456 | 448 |
| - Infrastructure | 26,751 | 870 | 27,621 |
| - Insurance and Resource | 4,580 | 1,308 | 5,888 |
| - Rolling Budgets | 761 | 1,037 | 1,798 |
| - Service Transformation and Productivity | 400 | 500 | 900 |
| **Total Earmarked Reserves** | **33,396** | **3,259** | **36,655** |
| **Total General and Earmarked Reserves** | **37,656** | **3,679** | **41,335** |

Additional breakdown of Government Grant Reserve balance:

| All figures are in £'000 | Balance at 31 March 2025 |
|---|---|
| New Dimensions and New Threats | 240 |
| Building Risk Review and Protection Uplift | 85 |
| Pensions Administration for McCloud / Sargeant Remedy | 123 |
| **Total Government Grants Reserve** | **448** |

# Notes to the Statement of Accounts

## 16. Unusable Reserves

**Policy:**

The Balance Sheet includes a number of reserves that are maintained to manage the accounting processes for non-current assets, retirement and employee benefits, available for sale financial assets and the collection fund adjustments. These reserves are not distributable and cannot be used to support spending.

This table summarises the items included within unusable reserves. Details of movements on the various reserves are in the paragraphs that follow.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| Revaluation Reserve | -37,794 | -50,139 |
| Accumulated Absences Account | 676 | 587 |
| Pensions Reserve | 615,082 | 642,926 |
| Collection Fund Adjustment Account | -309 | -474 |
| Capital Adjustment Account | -61,096 | -64,601 |
| **Total Unusable Reserves** | **516,559** | **528,299** |

**Revaluation Reserve -** The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Balance at 1 April** | **-50,139** | **-53,179** |
| Upward revaluation of assets | -2,267 | -3,131 |
| Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services | 12,235 | 3,626 |
| Difference between fair value depreciation and historical cost depreciation | 2,367 | 2,529 |
| Accumulated gains on assets sold or scrapped | 10 | 16 |
| **Balance at 31 March** | **-37,794** | **-50,139** |

# Notes to the Statement of Accounts

## Accumulated Absences Account

**Policy:**

Salaries, wages and employment-related payments, including the value of leave earned but not yet taken, are recognised in the period that the service is received from employees. An accrual will be made for the cost of any unused leave entitlement which has been carried into the following year. The accrual is based on the amount of holiday pay that would be paid for each day owed and includes an estimate for any related on-costs that would also be payable, such as national insurance. The calculation is reviewed every three years or in the event of a known material change.

The cost of the accrual for holiday pay and overheads is charged to the Surplus or Deficit on the Provision of Services and reversed out through the Movement in Reserves Statement so that the charge has no effect on the Council Taxpayer.

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, i.e. annual leave owed. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Balance at 1 April** | **587** | **564** |
| Settlement or cancellation of accrual made at the end of the preceding year | -587 | -564 |
| Amounts accrued at the end of the current year | 676 | 587 |
| Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 89 | 23 |
| **Balance at 31 March** | **676** | **587** |

**Pensions Reserve** - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or as it eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve shows a substantial shortfall in the benefits earned by past and current employees and the resources that the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

# Notes to the Statement of Accounts

(**Pensions Reserve continued**)

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Balance at 1 April** | **642,926** | **643,164** |
| Re-measurements of the net defined benefit liability | -40,329 | -10,471 |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 16,437 | 21,737 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | -17,908 | -14,077 |
| Asset Ceiling Adjustment | 13,956 | 2,573 |
| **Balance at 31 March** | **615,082** | **642,926** |

**Collection Fund Adjustment Account** - The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income and Non-Domestic Rate income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Balance at 1 April** | **-474** | **-617** |
| Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income for the year in accordance with statutory requirements | -224 | 496 |
| Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income for the year in accordance with statutory requirements | 389 | -353 |
| **Balance at 31 March** | **-309** | **-474** |

# Notes to the Statement of Accounts

**Capital Adjustment Account** -The Capital Adjustment Account absorbs the timing differences arising from the different arrangements in accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains gains recognised in relation to donated assets that have yet to be consumed by the Authority and revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007 when the Reserve was created to hold such gains. The Movement in Reserves Statement provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Balance at 1 April** | **-64,601** | **-64,179** |
| *Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:* | | |
| Charges for depreciation and impairment of non-current assets | 6,276 | 5,816 |
| Revaluation (gains) / losses on property, plant and equipment | 3,245 | 682 |
| Revaluation (gains) / on assets held for sale | - | - |
| Revenue expenditure funded from capital under statute | - | 12 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 122 | 92 |
| Adjusting amounts written out of the Revaluation Reserve | -2,367 | -2,529 |
| *Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing* | | |
| Use of Capital Receipts Reserve to finance new capital expenditure | - | -1,330 |
| Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement | -757 | - |
| Statutory provision for the financing of capital investment charged against the General Fund | -1,295 | -573 |
| Capital expenditure charged against the General Fund Balance | -1,719 | -2,592 |
| **Balance at 31 March** | **-61,096** | **-64,601** |

# Notes to the Statement of Accounts

## 17. Officers' Remuneration

This table provides details of actual remuneration for 2024/25 (including employer pension contributions) for the Chief Executive and the other most senior officers employed by the Authority. Comparative information for 2023/24 is also shown below. Details of the Senior Officer structure and related salary is published on the Authority's website at http://www.kent.fire-uk.org

| **Post Holder Information**<br>All figures are in £'000 | **Salary and Allowances** | **Pension Contributions** | **Total Remuneration inc Pension Contributions** |
|---|---|---|---|
| **2024/25** | | | |
| Chief Executive – A Millington | 174.3 | 30.5 | 204.8 |
| Director, Response and Resilience (left 31/12/24) | 106.1 | 39.9 | 146.0 |
| Director Response and Resilience (from 1/9/2024) | 82.5 | 31.0 | 113.6 |
| Director, Prevention, Protection, Customer Engagement & Safety | 141.5 | 24.8 | 166.2 |
| Director, Finance and Corporate Services | 114.7 | - | 114.7 |
| Director of Finance (from 27/01/2025) | 24.4 | 4.3 | 28.7 |
| Director HR & Culture | 135.5 | 23.7 | 159.2 |
| Assistant Director, Resilience | 115.1 | 43.3 | 158.4 |
| Assistant Director, Response (left 31/08/2024) | 47.3 | 17.8 | 65.1 |
| Assistant Director Response (from 16/07/2024) | 82.5 | 31.0 | 113.5 |
| Assistant Director, Customer & Building Safety (left 08/04/2024) | 2.5 | 0.9 | 3.4 |
| Assistant Director, Customer & Building Safety | 115.1 | 20.1 | 135.2 |
| | **1,141.5** | **267.3** | **1,408.8** |

# Notes to the Statement of Accounts

| Post Holder Information<br>All figures are in £'000 | Salary and Allowances | Pension Contributions | Total Remuneration inc Pension Contributions |
|---|---|---|---|
| **2023/24** | | | |
| Chief Executive – A Millington | 170.5 | 28.1 | 198.6 |
| Director, Response and Resilience | 138.4 | 39.9 | 178.3 |
| Director, Prevention, Protection, Customer Engagement & Safety | 138.4 | 22.9 | 161.3 |
| Director, Finance and Corporate Services | 112.2 | - | 112.2 |
| Assistant Director, Resilience | 110.4 | 31.8 | 142.2 |
| Assistant Director, Response | 110.4 | 31.8 | 142.2 |
| Assistant Director, Customer & Building Safety (left 08/04/2024) | 110.4 | 31.8 | 142.2 |
| Assistant Director, Customer & Building Safety (from 12/12/2023) | 34.1 | 5.6 | 39.7 |
| Assistant Director, HR & Culture (left 20/02/2024) | 50.5 | - | 50.5 |
| Assistant Director, HR & Culture (from 20/11/2023) | 38.4 | 6.3 | 44.7 |
| | **1,013.7** | **198.2** | **1,211.9** |

# Notes to the Statement of Accounts

## Officers' Remuneration (continued)

The table below shows the other employees, in addition to those senior officers detailed above, who are receiving more than £50,000 remuneration for the year (excluding employer pension contributions but including any benefits in kind):

| | Number of Employees | |
|---|---|---|
| **Remuneration Band** | **2024/25** | **2023/24** |
| £50,000 - £54,999 | 110 | 89 |
| £55,000 - £59,999 | 74 | 59 |
| £60,000 - £64,999 | 67 | 52 |
| £65,000 - £69,999 | 21 | 20 |
| £70,000 - £74,999 | 23 | 14 |
| £75,000 - £79,999 | 18 | 13 |
| £80,000 - £84,999 | 3 | 2 |
| £85,000 - £89,999 | - | 1 |
| £90,000 - £94.999 | 5 | 5 |
| £95,000 - £99,999 | 1 | - |
| **Total** | **322** | **255** |

# Notes to the Statement of Accounts

## 18. Members' Allowances

The Authority paid the following amounts to Members of the Authority during the year. Details of allowances paid to Members are advertised in the local press and are published on the Authority's website at www.kent.fire-uk.org.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| Allowances | 80 | 78 |
| Expenses | 1 | 1 |
| **Total** | **81** | **79** |

## 19. External Audit Costs

The following external audit costs were incurred in the year.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| Fees payable to the external auditor: | | |
| External audit services carried out by the appointed auditor for the year | 114 | 104 |
| Additional Audit Fee Variation 2022/23 | - | -2 |
| Additional Audit Fee Variation 2023/24 | - | 4 |
| Additional Audit Fee Variation 2024/25 | 8 | 5 |
| **Total** | **122** | **111** |

## 20. Grant Income

This table shows the grants and contributions credited to the Comprehensive Income and Expenditure Statement in the year.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Credited to Taxation and Non-Specific Grant Income:** | | |
| Revenue Support Grant (included in Settlement Funding Assessment) | 11,352 | 7,330 |
| Small Business Rate Relief Grant and Compensation | 4,520 | 3,942 |
| 4% Minimum Funding Guarantee | 1,527 | - |
| Compensation for Additional Business Rate Relief 22/23 | - | -246 |
| Compensation for Additional Business Rate Relief 23/24 | -37 | 305 |
| Compensation for Additional Business Rate Relief 24/25 | 57 | - |
| Business Rates Levy Account Surplus | 125 | 125 |
| Green Plant and Machinery Business Rate Exemptions | - | 19 |
| Enterprise Zone Relief Grant | - | 1 |
| Transparency Code Set-Up Grant | 8 | 8 |
| Services Grant | 104 | 603 |
| | | |
| Capital grants and contributions: | | |
| Donated Asset | 607 | - |
| Contribution to Right of Use Asset | 150 | - |
| | | |
| **Credited to Cost of Services:** | | |
| Maritime MTA Emergency Response | 60 | 16 |
| Firefighter Employer Pension Contributions | 2,757 | 3,536 |
| Mcloud / Matthews Pensions Remedy - Administration | 194 | - |
| New Dimensions | 968 | 973 |
| New Threats | - | 39 |
| FireLink | 236 | 355 |

# Notes to the Statement of Accounts

| | | |
|---|---|---|
| Prevention and Protection Uplift and Accreditation | 333 | 406 |
| Apprenticeship Levy Drawdown | 22 | 24 |
| Redmond Review – Audit | 14 | 14 |
| Road Safety | - | 3 |
| Building Safety Regulator Compliance | 109 | 113 |
| Salix Grant – Heat Decarbonisation | - | 78 |
| McCloud Remedy – Compensation | 406 | 13 |
| **Total** | **23,512** | **17,657** |

## 21. Related Parties

The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority. The necessary disclosures are detailed below:-

**Central Government** - Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills). Grants received from Government departments are detailed in Note 20 and amounts due to KFRS are detailed in Note 10 and amounts owed by KFRS are detailed in Note 13.

**Senior Officers and Members** - The total remuneration paid to senior officers is shown in Note 17 and details of Members' allowances paid in 2024/25 are shown in Note 18.

Members and senior officers of the Authority have direct control over its financial and operating policies and are required to disclose details of any transactions that the Authority has with any individuals with whom they may have a close relationship or any company in which they may have an interest. Members and senior officers of the Authority are required to declare whether they or any of their close family have been involved in any such related party transactions.

The Authority has an appointed Monitoring Officer and as such a contract is in place with Mid Kent Legal Service to supply these services which took effect from April 2024.

**Fire and Rescue Indemnity Company (FRIC)** - The Authority is one of the fourteen fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance is a voting member for this Authority. During 2024/25 the Director of Prevention, Protection, Customer Engagement and Safety was invited to become a Non-Executive Director on the Board of FRIC. Expenditure relates to our share of our insurance premiums and our share of insurance claims for 2024/25 this was £684k. Further details in relation to FRIC are detailed under Note 26.

**Kent County Council** - The Authority contracts with the County Council for the provision of various services and the amount paid for 2024/25 was £228k (£335k in 2023/24). The services purchased include, pension administration, interpreter services, IT network services and Internal Audit.

**Pensions** - During the year amounts were paid to the Local Government Pension Scheme managed on behalf of the Authority by Kent County Council. Details of the amounts paid are shown in Note 25.

**SECAmb** – Kent Fire and Rescue Service continue to work with the Trust to provide co-responding support, which results in us attending a number of incidents and we assist with gaining access at incidents where patients are in locked or inaccessible areas. There are a number of stations where

# Notes to the Statement of Accounts

SECAmb employees are able to use KFRS facilities without charge in line with the Authority's charging policy.

**BlueLight Commercial** – This was established in 2020 by the Home Office, to work in collaboration with blue light organisations and local/national suppliers, to help transform their commercial services. The organisation has been set up as a not for profit, private company limited by guarantee. It is owned by the Police and Crime Commissioners. The Police and Crime Commissioner for Kent is a voting member of the Fire Authority and is Chair of the BlueLight Commercial Board. Membership is open to any organisation with a purpose or interest in the delivery of efficient and effective commercial services in support of blue light services. The Authority is named as a participating organisation on a BlueLight Commercial Contract and no further orders have been placed by KFRS under that contract in 2024/25.

**Networked Fire Services Partnership** – The Authority is working with three other Fire Authorities (Devon and Somerset, Dorset and Wiltshire and Hampshire) in a Networked Fires Services Partnership (NFSP) project, to provide a collaborative approach to the provision of fire control services. Each Authority is responsible for paying their share of the expenditure incurred across the partnership. During 2024/25 Kent Fire re-imbursed each of the partners for its share of expenditure incurred for services provided, as detailed in the table below.

| All figures are in £'000 | 2024/25 |
|---|---|
| NFSP Cost Recovered: | |
| Devon & Somerset Fire and Rescue Service | 58 |
| Dorset & Wiltshire Fire and Rescue Service | 63 |
| Hampshire & Isle of Wight Fire & Rescue Service | 314 |
| **Total** | **435** |

## 22. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Opening Capital Financing Requirement** | **1,878** | **1,654** |
| **Capital Investment** | | |
| Property, Plant and Equipment | 5,852 | 4,707 |
| Revenue expenditure funded from capital under statute | - | 12 |
| **Sources of Finance:** | | |
| Government Grants and Contributions | -757 | - |
| Capital Receipt | - | -1,330 |
| Sums Set Aside from Revenue: | | |
| Revenue Contributions towards Capital | -1,719 | -2,592 |
| Minimum Revenue Provision | -104 | -59 |
| Voluntary Revenue Provision | -1,191 | -514 |
| **Closing Capital Financing Requirement** | **3,959** | **1,878** |

# Notes to the Statement of Accounts

| | | |
|---|---|---|
| *Explanation of movements in year:* | | |
| Increase in internal borrowing | 3,376 | 797 |
| Minimum and Voluntary Revenue Provision | -1,295 | -573 |
| | | |
| **Change in Capital Financing Requirement** | **2,081** | **224** |

## 23. Leases – Right of Use Assets

**Policy:**

IFRS 16 sets out the accounting principles for the recognition, measurement, presentation and disclosure of leases and replaces the previous standards IAS17. The previous standard made a distinction between finance and operating leases and did not require lessees to recognise assets and liabilities arising from operating leases and allowed for them to be accounted within revenue expenditure.

Under the new accounting standards, a lessee is required to recognise assets and liabilities for leases with a term more than 12 months, unless the underlying asset is of low value, which for this Authority has been determined at £10k per individual item.

We are required to recognise our right of use of the asset and in determining the value to the Authority will use the present value of lease payments over the term of the lease as a basis of the value. In order to ascertain the present value of lease payments they will be discounted using an incremental borrowing rate, where there is a rate detailed within the lease this will be used. In the event of no identified rate, by default the PWLB borrowing rate at the time of the lease commencement and for the duration of the lease will be used. Where a lease is agreed at a peppercorn value or minimal market rent, the Authority's valuers will be consulted to determine a market value at the commencement of the lease. During the term of the lease the asset will be depreciated in line with the Authority's straight line depreciation policy for the term of the lease.

Lease payments to be made over the term of the lease will be accounted for as a liability within the balance sheet. Payments for the rental value of the lease will be accounted for with the interest payments being charged to the CIES and the remaining balance used as a principal repayment to reduce the outstanding liability on the balance sheet.

Where re-measurement of the asset value is required within the duration of the lease the increase will be treated as a capital addition with a contra entry to increase the liability due.

The Authority is the lessee of a number of leases, these include managed service arrangements for the provision of personal and protective equipment (PPE) for firefighters, watercoolers, lone worker devices and rental space. Most are individually low value; however our more significant leases include:-

- The lease for our control room at Coldharbour with Kent Police which commenced in December 2023 for a term of 10 years. The value of the asset as at 31 March 2025 was £144.9k
- The lease for our vehicle workshop at Heronden Road, Maidstone which commenced in April 2023 for a term of 5 years. The value of the asset as at 31 March 2025 was £191.4k

# Notes to the Statement of Accounts

## Right-of use assets

This table show the change in the value of right-of-use assets held under leases by the authority:

| All figures are in £'000 | Land and Buildings | Total |
|---|---|---|
| Balance at 1 April 2024 | 400 | 400 |
| | | |
| Additions | 47 | 47 |
| Revaluations | -47 | -47 |
| Depreciation | -64 | -64 |
| Disposals | - | - |
| | | |
| **Balance at 31 March 2025** | **336** | **336** |

## Transactions under leases

The authority incurred the following expenses in relation to leases:

| All figures are in £'000 | 2024/25 |
|---|---|
| | |
| **Comprehensive income and expenditure statement** | |
| Interest expense on lease liabilities | 11 |
| Expense relating to exempt leases of low-value items | 786 |
| **Total** | **797** |

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments).

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| | | |
| Not later than one year | 933 | 843 |
| Later than one year and not later than five years | 2,790 | 2,440 |
| Later than five years | - | - |
| **Total** | **3,723** | **3,283** |

## 24. Termination Benefits

### Exit Packages by Cost Band

| | 2024/25 | | | | 2023/24 | | | |
|---|---|---|---|---|---|---|---|---|
| | Compulsory Redundancies | | Other Departures Agreed | | Compulsory Redundancies | | Other Departures Agreed | |
| Cost Band £ | No. | £'000 | No. | £'000 | No. | £'000 | No. | £'000 |
| | | | | | | | | |
| 0k - 20k | 5 | 60 | 6 | 41 | 4 | 32 | 1 | 14 |
| 20k - 40k | 6 | 146 | 1 | 40 | 1 | 26 | 1 | 26 |
| 40k - 60k | - | - | - | - | - | - | - | - |
| 60k - 80k | - | - | - | - | - | - | - | - |
| **Total** | **11** | **206** | **7** | **81** | **5** | **58** | **2** | **40** |

The cost of exit packages detailed above include statutory / discretionary redundancy costs and

# Notes to the Statement of Accounts

payments in lieu of notice. In addition to the above, one flexible retirement was agreed during 2024/25 with a pension strain cost of £59k and five termination benefits were paid resulting in pension strain costs totalling £405k. The total cost of the early retirements was paid out in 2024/25.

## 25. Defined Benefit Pension Schemes

### Participation in Pension Schemes

**Policy:**

The Authority accounts for its pension costs in accordance with the provisions of IAS 19 – Employee Benefits, as reflected in the Code of Practice. As part of the terms and conditions of employment of its employees, the Authority offers retirement benefits. Although these are not actually payable until an employee retires, the Authority has a commitment to make the payments in the future. This commitment is accounted for in the year that the employee earns the right to receive a pension at some time in the future.

**LGPS** Pension strain costs arising from early retirement are met from the Authority's revenue budget.

**Fire Scheme** - Contributions to the pension fund in respect of non-abated pensions where pensioners are re-employed by the Authority, ill-health retirements, and any lump sum and ongoing costs in respect of injury-related pensions are also met from the Authority's revenue budget.

The Authority maintains a separate ledger account for the Firefighters' Pension Fund and any shortfall is recovered from the Government by way of a grant. The grant is recognised in the Comprehensive Income and Expenditure Statement in the year that it is receivable and reversed back out through the Movement in Reserves Statement.

As previous pension schemes have now closed to new members, the Authority now only has two employment schemes open to members, which are:

1. **Local Government Pension Scheme (LGPS) which is operated by the Kent County Council Superannuation Fund, under the regulatory framework -** The governance of the scheme is the responsibility of the Superannuation Fund Committee of Kent County Council. Policy is determined in accordance with Pension Fund Regulations. The Investment Managers of the fund are appointed by the Committee. The LGPS became a Career Average Revalued Earnings (CARE) scheme from 1 April 2014.

   The principal risks to the Authority of the Scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the Scheme (i.e. large-scale withdrawals from the Scheme), changes to inflation, bond yields and the performance of the equity investments held by the Scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policy note.

   This is a funded scheme, meaning that both the Authority and the employee pay contributions into a fund, calculated at a level estimated to balance the pension liabilities against investment assets. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis. The contributions have been determined by the Fund's Actuary on a triennial basis and are set to meet 100% of the liabilities of the Pension Fund. The scheme assets and liabilities attributable to LGPS employees can be identified and are recognised in the Authority's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within the cost of services. The expected gain during the year from scheme assets is recognised within financing and investment income and

# Notes to the Statement of Accounts

expenditure. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Gains and losses from changes in assumptions during the year are recognised in the Pensions Reserve and reported as other income and expenditure in the Comprehensive Income and Expenditure Statement.

**Arrangements for the award of discretionary post-retirement benefits upon early retirement for LGPS employees** – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, no investment assets have been built up to meet these pensions' liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

2. **The 2015 Firefighters' Pension Scheme (2015 FPS) for which the Authority is the Scheme Manager and is therefore responsible for managing and administering the scheme -** Firefighters' employed by the Authority can join the 2015 Firefighters' Pension Scheme. Previously, some members will have built up final salary benefits in the 1992 Firefighters' Pension Scheme and/or the 2006 Firefighters' Pension Scheme, but these schemes were closed to active membership on 31 March 2022. From 1 April 2022 all active firefighter membership is in the 2015 Firefighters' Pension Scheme, which is a Career Average Revalued Earnings (CARE) scheme introduced on 1 April 2015 and is governed by the Firefighters' Pension Scheme (England) Regulations 2014.

   The 2015 Firefighters' Pension Scheme is a defined benefit scheme; however, the scheme is unfunded and MHCLG uses a methodology consistent with the SCAPE approach (Superannuation Charge Adjusted for Past Experience) as the basis for calculating the employers' contribution rate paid by fire and rescue authorities. Unfunded means that there are no investment assets built up to meet the pension liabilities and cash must be provided to meet the payments as they fall due. In 2024/25 the Authority paid £12.052m (£9.105m in 2023/24) into the Firefighters' Pension Fund in respect of firefighters' retirement benefits. The employer contribution rate was 37.6% for 2024/25. In addition, £552k was paid by the Authority into the Fund in respect of ill-health charges (£456k) and non-abated pensions (£96k).

   The Authority is responsible for the cost of any benefits awarded due to injury, including injury related lump sums and injury related annual pension payments.

   The Authority is exposed to some risks (positive or negative) in relation to the Firefighter Pension schemes. The Government Actuary determines the employer pension contribution rates and will base these on estimates of interest rates (based on market yields on high quality corporate bonds), inflationary impact on benefits paid and the longevity of scheme members.

## Transactions Relating to Post-employment Benefits

The Authority recognises the cost of retirement benefits in the cost of services as they are earned by employees, not when the benefits are paid as pensions. The charge to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund in the Movement in Reserves Statement.

## McCloud / Sargeant Case

The Firefighters' Pensions (Remediable Service) Regulations 2023 came into force on 1 October 2023. The regulations require the Authority to offer members who retire on or after 1 October 2023 a choice of which pension scheme membership (legacy scheme (1992 or 2006) or reformed (2015) scheme) they wish to have their pension benefits paid on for the remedy period (1 April 2015 – 31 March 2022). The regulations also require the Authority to provide the same choice to members who have retired and drawn their pension benefits during the remedy period. The majority of members

# Notes to the Statement of Accounts

were provided with details of their options (including calculations) in the form of a Remedial Service Statement (RSS) by 31 March 2025. All members are due to have received a Remedial Service Statement (RSS) by the end of 2025/26.

Implications of the remedy are reflected in the Authority's pension scheme valuations as at 31 March 2025.

### Matthews / O'Brien Case

The Firefighters' Pensions Schemes (England) (Amendment) Order 2023 came into force on 1 October 2023. The regulations require the Authority to offer pension scheme membership to eligible retained / on-call firefighters' who were employed between 7 April 2000 and 5 April 2006 by providing access to the modified section of the Firefighters' Pension Scheme 2006 (referred to as 'the modified scheme'). A previous exercise had been undertaken in 2014, but the updated regulations now provide the opportunity for those who are eligible to buy membership back to their start date, even if this is prior to 7 April 2000, so long as they have continuous employment up to and including this date.

As members will have the option to purchase service either as a lump sum payment or through periodic contributions over a number of years, the past service cost will be recognised as and when the relevant service is purchased and therefore accrued. This will be based on the value of contributions paid to purchase the additional pension entitlement and this approach is the same as previously adopted for service purchased under the first options exercise.

# Notes to the Statement of Accounts

The Table below shows the transactions that have been made in the Comprehensive Income and Expenditure Statement and General Fund Balance via the Movement in Reserves Statement during the year.

| All figures are in £'000 | LG Pension Scheme | | Firefighter Schemes | | Firefighter Injury | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| **Comprehensive Income and Expenditure Statement** | | | | | | | | |
| *Service cost comprising:* | | | | | | | | |
| Current service cost | 2,631 | 2,550 | 5,578 | 5,182 | 294 | 255 | 8,503 | 7,987 |
| Past service costs | 362 | 74 | 4,673 | 76 | - | - | 5,035 | 150 |
| *Financing and Investment Income and Expenditure:* | | | | | | | | |
| Net interest expense | -106 | -147 | 29,531 | 29,151 | 1,071 | 1,072 | 30,496 | 30,076 |
| **Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services** | **2,887** | **2,477** | **39,782** | **34,409** | **1,365** | **1,327** | **44,034** | **38,213** |
| *Remeasurement of the net defined benefit liability comprising:* | | | | | | | | |
| Return on Plan assets (excluding the amount in net interest expense) | 1,604 | 1,015 | - | - | - | - | 1,604 | 1,015 |
| Actuarial gains and losses arising on changes in: | | | | | | | | |
| Financial assumptions | -14,438 | -2,247 | -75,779 | -10,206 | -1,693 | -275 | -91,910 | -12,728 |
| Demographic assumptions | -207 | -1,109 | 147 | 514 | 86 | 43 | 26 | -552 |
| Experience loss/gain(-) on defined benefit obligations | -197 | 249 | 50,987 | 1,466 | -839 | 79 | 49,951 | 1,794 |
| Asset ceiling adjustment | 13,956 | 2,573 | - | - | - | - | 13,956 | 2,573 |
| **Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement** | **3,605** | **2,958** | **15,137** | **26,183** | **-1,081** | **1,174** | **17,661** | **30,315** |
| **Movement in Reserves Statement** | | | | | | | | |
| Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code | -2,887 | -2,477 | -39,782 | -34,409 | -1,365 | -1,327 | -44,034 | -38,213 |
| *Actual amount charged against the General Fund Balance for pensions in the current year:* | | | | | | | | |
| Employer's contributions payable to scheme | 3,605 | 2,821 | 12,629 | 9,668 | - | - | 16,234 | 12,489 |
| Retirement benefits payable to pensioners | - | - | - | - | 1,674 | 1,588 | 1,674 | 1,588 |

# Notes to the Statement of Accounts

## Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Present value of the defined benefit obligation:** | | |
| Local Government Pension Scheme | -78,863 | -88,505 |
| Fire Pension Schemes | -615,082 | -642,926 |
| Fair value of assets in the Local Government Pension Scheme | 95,522 | 91,078 |
| Asset ceiling adjustment - Local Government Pension Scheme | -16,659 | -2,573 |
| **Net liability arising from defined benefit obligation** | **-615,082** | **-642,926** |

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy because:

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

Discretionary benefits arrangements have no assets to cover their liabilities.

## Asset Ceiling Adjustment

Following the LGPS pensions valuation by the Authority's actuary, Barnett Waddingham, the Authority determined that the fair value of its LGPS pension scheme assets outweighed the present value of the plan obligations as at 31 March 2025, resulting in a pension plan net asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

a) The surplus in the defined benefit plan (£16.659m); and
b) The asset ceiling (Nil).

The asset ceiling is the present value of any economic benefit available to the Authority in the form of refunds or reduced future employer contributions. The Actuary's calculation of the asset ceiling has followed their interpretation of IFRIC 14. The calculations assume that:

- The Authority is a scheduled body and assumed to participate indefinitely.
- The Authority does not have a right to a refund of surplus at the level required by the accounting standard. Any recognised surplus is based on the economic benefit from a reduction in contributions.
- The requirement for the Authority to make contributions to the Fund is considered to be a Minimum Funding Requirement (MFR).

In broad terms the Actuary's analysis shows that:

- The Authority has a negative secondary contribution rate which has been included in the calculation of the MFR. The appropriate period of assessment for the present value of the negative secondary contributions is the lesser of their expected participation period and the surplus spreading period.
- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £16.659m, the initial impact of the asset ceiling is £16.659m.

# Notes to the Statement of Accounts

The Authority has therefore applied (b), the asset ceiling in accordance with IAS 19. The effect of this is a reduction in the pension scheme reserve, an increase in the pension scheme obligations, and an increase in the amount chargeable to the CIES.

### Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| Opening fair value of scheme assets | 91,078 | 86,560 |
| Interest income | 4,653 | 4,292 |
| *Re-measurement gain/(loss):* | | |
| The return on plan assets, excluding the amount in the net interest expense | -1,604 | -1,015 |
| Other actuarial gains | - | - |
| Administration expenses | -86 | -78 |
| Contributions from employer | 3,605 | 2,821 |
| Contributions from employees into the scheme | 1,209 | 1,115 |
| Benefits paid | -3,333 | -2,617 |
| **Closing fair value of scheme assets** | **95,522** | **91,078** |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was £3.049m (2023/24: £3.277m).

# Notes to the Statement of Accounts

## Reconciliation of Present Value of the Scheme Liabilities (Defined Pension Obligation)

| All figures are in £'000 | Local Government Pension Scheme | | Firefighter Pension Schemes | | Firefighter Injury | | Total | Total |
|---|---|---|---|---|---|---|---|---|
| | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| **Balance at 1 April** | **-88,505** | **-86,423** | **-620,232** | **-620,193** | **-22,694** | **-23,108** | **-731,431** | **-729,724** |
| Current service cost | -2,631 | -2,550 | -5,578 | -5,182 | -294 | -255 | -8,503 | -7,987 |
| Interest cost | -4,331 | -4,067 | -29,531 | -29,151 | -1,071 | -1,072 | -34,933 | -34,290 |
| Contributions from scheme participants | -1,209 | -1,115 | -6,351 | -4,225 | - | - | -7,560 | -5,340 |
| *Re-measurement (gains) and losses - actuarial gains/losses arising from:* | | | | | | | | |
| changes in financial assumptions | 14,438 | 2,247 | 75,779 | 10,206 | 1,693 | 275 | 91,910 | 12,728 |
| change in demographic assumptions | 207 | 1,109 | -147 | -514 | -86 | -43 | -26 | 552 |
| Past service cost | -362 | -74 | -4,673 | -76 | - | - | -5,035 | -150 |
| Experience loss/(gain) on defined benefit obligation | 197 | -249 | -50,987 | -1,466 | 839 | -79 | -49,951 | -1,794 |
| Benefits paid | 3,333 | 2,617 | 46,577 | 30,369 | 1,674 | 1,588 | 51,584 | 34,574 |
| Unfunded pension payments | - | - | - | - | - | - | - | - |
| **Balance at 31 March** | **-78,863** | **-88,505** | **-595,143** | **-620,232** | **-19,939** | **-22,694** | **-693,945** | **-731,431** |

# Notes to the Statement of Accounts

## Local Government Pension Scheme assets comprised:

| | 31 March 2025 £'000 | % | 31 March 2024 £'000 | % |
|---|---|---|---|---|
| Equity Investments | 54,394 | 57 | 52,984 | 58 |
| Gilts | 5,662 | 6 | 6,673 | 7 |
| Other Bonds | 14,200 | 15 | 13,114 | 14 |
| Property | 7,822 | 8 | 8,171 | 9 |
| Cash | 3,778 | 4 | 1,450 | 3 |
| Absolute Return Fund | 4,879 | 5 | 4,602 | 5 |
| Infrastructure | 4,787 | 5 | 4,084 | 4 |
| **Total** | **95,522** | **100** | **91,078** | **100** |

The table below details percentages of the total Fund held at 31 March 2025 in each class of asset (split by those that have a quoted market price in an active market and those that do not).

| | | 31 March 2025 Quoted | Unquoted |
|---|---|---|---|
| Index Linked Government Securities | UK | 6% | - |
| Corporate Bonds | UK | 4% | - |
| | Overseas | 11% | - |
| Equities | UK | 11% | - |
| | Overseas | 41% | - |
| Property | All | - | 8% |
| Others | Absolute return portfolio | 5% | - |
| | Private equity | - | 5% |
| | Infrastructure | - | 5% |
| | Cash/temporary investments | - | 4% |
| **Total** | | **78%** | **22%** |

# Notes to the Statement of Accounts

## Significant Actuarial Assumptions

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme (LGPS) and Firefighter Pension Schemes liabilities have both been assessed by Barnet Waddingham, an independent firm of Actuaries. The principal assumptions used by the Actuary have been:

| | Pension Scheme | | | |
|---|---|---|---|---|
| | Local Government | | Firefighter | |
| | 2024/25 | 2023/24 | 2024/25 | 2023/24 |
| *Mortality assumptions:* | | | | |
| Longevity at 65 for current male pensioners: | 20.7 | 20.8 | 20.5 | 20.6 |
| Longevity at 65 for current female pensioners | 23.3 | 23.3 | 23.3 | 23.2 |
| Longevity at 65 for future male pensioners | 22.0 | 22.0 | 21.9 | 21.9 |
| Longevity at 65 for future female pensioners | 24.7 | 24.7 | 24.7 | 24.6 |
| *Other assumptions:* | | | | |
| Rate of consumer price index inflation | 2.85% | 2.90% | 2.90% | 2.90% |
| Rate of retail price index inflation | 3.10% | 3.15% | 3.20% | 3.25% |
| Rate of increase in salaries | 3.85% | 3.90% | 3.90% | 3.90% |
| Rate of increase in pensions | 2.85% | 2.90% | 2.90% | 2.90% |
| Rate for discounting scheme liabilities | 5.85% | 4.95% | 5.75% | 4.90% |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each relevant change that the assumption is changed whilst all other assumptions remain constant. The assumptions in longevity, for example assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. The methods and assumptions used in preparing the sensitivity analysis are consistent with those used in the previous period, except for an update of the Continuous Mortality Investigation Bureau (CMI) projection model.

## Impact on the Defined Benefit Obligation in the Schemes

| Change in assumption: | Local Government Pension Scheme | | Firefighter Pension Schemes | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| All figures are in £'000 | 0.5% | -0.5% | 0.5% | -0.5% |
| *Increase or decrease:* | | | | |
| Life expectancy by 1 year | 2,313 | -2,243 | 22,401 | -21,575 |
| Rate of increase in salaries | 725 | -695 | 2,577 | -2,496 |
| Rate of increase in pensions | 6,569 | -5,741 | 42,000 | -37,550 |
| Rate for discounting scheme liabilities | -6,236 | 7,109 | -38,847 | 43,528 |

### Impact on the Authority's Cash Flows

An actuarial valuation of the Authority's funding position for the LGPS was undertaken as at 31 March 2022 determining the employer contribution rates to be increased from 16.5% to 17.5% for 2024/25 and to 18.5% for 2025/26. Every 1% increase in the employer contribution rate increases the Authority's costs by around £184k per year.

On 19 December 2023 the Government's Actuary Department published the valuation results for the 31 March 2020 actuarial valuation of the Firefighters' Pension Scheme increasing the Employer contribution rate from 28.8%, to 37.6% from 1 April 2024. In 2024/25 the Government provided a grant totalling £2.757m to cover the majority of the increase in costs. In 2025/26 the same methodology was used to allocate a grant of £2.719m, but there is no guarantee that this funding will continue in future years.

The Authority expects to make the following ordinary contributions to pension schemes in the year to 31 March 2026: LGPS (18.5%) £3.543m and; 2015 Firefighter Pension Scheme (37.6%) £12.253m. The estimated Macaulay duration of the defined benefit obligation for scheme members is 14 years for the Firefighter Schemes and 18 years for LGPS (16 and 19 years respectively in 2023/24).

## 26. Contingent Liabilities and Assets

**Policy:**

**A contingent liability** - is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. They may also arise in circumstances where a provision would otherwise be made but the possibility of a payment is remote, or the amount cannot be measured sufficiently reliably.

**A contingent asset** - arises from a past event which gives the Authority a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority. A contingent asset is disclosed where an inflow of economic benefit is possible.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. The Authority is required to disclose if there are possible obligations which may require payment or a transfer of economic benefit at some time in the future.

**Fire and Rescue Indemnity Company (FRIC)** - The Authority is one of the fourteen fire authorities that now form the hybrid discretionary mutual protection company to provide financial indemnity protection. All members have equal voting rights irrespective of size or contribution, the Director of Finance and the Head of Finance, Treasury and Pensions are voting members for this Authority. All fourteen services have been working together to reduce risk and share best practice. Protection is in place to limit each member's exposure to financial loss. Contributions are paid to the company and any surplus from operations is held by the company in their reserve. The reserve enables peaks and troughs of claims expenditure to be managed and if the current level of performance is maintained, these funds could also be used for a number of other purposes including funding for improved risk management; to increase the level of claims costs borne by FRIC (thereby reducing external insurance costs); or reducing the contributions of member FRAs. This year the Authority received a small return from the FRIC reserve of £22.9k following a review and settlement of historic claims.

**Kent Pension Fund** – Kent County Council the administrators of the Kent Pension Fund, is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on the Kent Pension Fund. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024, and the original ruling was upheld.

As a result, there may be a further liability to the Authority's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on the Kent Pension Fund and thus the obligation and liability shown in the Authority's accounts

The Department for Work and Pensions (DWP) published an announcement on 5 June 2025 noting the plan to introduce new legislation in response to the Virgin Meida vs NTL Trustees ruling. The legislation will allow affected pension schemes to retrospectively obtain written actuarial confirmation that historic changes to scheme rules met the required standards. The new legislation is hoped to provide clarity to affected schemes. No further information has been provided at this time,

## 27. Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.
- Re-financing risk – the possibility that the Authority might be requiring to renew a financial instrument at disadvantageous interest rates or terms.

### Overall Procedures for Managing Risk

The Authority's overall risk management procedures focus on the considerable risk and uncertainty in the global financial markets and banking systems. They are therefore structured to ensure suitable controls are in place to minimise these risks. The Authority manages risk by:

- Adherence to the CIPFA Treasury Management Code of Practice.
- Adopting a Treasury Policy Statement and Treasury Management clauses within its financial regulations.
- Approving annually in advance prudential and treasury indicators which set limits for the Authority's overall borrowing; the maximum and minimum exposures to fixed and variable interest rates; the maximum and minimum exposures to the maturity structure of its debt; and the maximum exposure to investments maturing beyond one year.

- Approving an Investment Strategy for the forthcoming year setting out the criteria for investment and the selection of counterparties.

The annual Treasury Management and Investment Strategy for 2024/25 was approved by the Authority in February 2024 and is implemented by the Finance team. The key limits approved were:

- The authorised limit for external borrowings and long-term liabilities was set at £27.5m.
- The operational boundary, or expected level of debt and other long-term liabilities during the year, was set at £23.5m.
- The maximum amounts of fixed and variable interest rate exposure were set at 100%
- No investments would be made for a period in excess of twelve months.

## Market Risk

### Interest Rate Risk

The Authority is exposed to risks arising from movements in interest rates. The Treasury Management and Investment Strategy aims to mitigate these risks by setting an upper limit of 20% on external debt that can be subject to variable interest rates.

As at 31 March 2025 all borrowing was at fixed interest rates and is carried at amortised cost, therefore movements in interest rates do not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Long-term borrowing decisions are based on interest rates prevailing at the time and there is a risk that the rate on a loan may be higher than the market rate available in the future.

Investments are also subject to interest rate risk. The Authority's current policy of holding short term fixed rate deposits and variable rate deposits increases its exposure to interest rate movements. However, this is balanced against the Authority's actions to mitigate credit risk. In-year movements in rates will impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Interest earned on deposits and investments in 2024/25 was £3.052m which equates to an average rate of 4.99%. For every 0.1% change in interest the Comprehensive Income and Expenditure Statement would have been credited or debited with a further £66k.

## Liquidity Risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority would call upon the deposits in its call accounts as a first priority. There is no significant risk on which it will be unable to raise finance or meet its commitments under financial instruments. Instead, the risk is that the Authority will need to borrow at a time of unfavourable interest rates. The Authority when undertaking borrowing ensures that the debt is managed to ensure that there is an even maturity profile through a combination of careful planning of new loans taken out and making early repayments (should it be considered economic to do so).

## Credit Risk

Credit risk arises from deposits with banks and financial institutions and from income due to the Authority for services provided. The Authority defines default as the failure of a counterparty to fulfil

their obligation of money owed to the Authority. The Authority will only write-off debt where it has exhausted its opportunities for recovering monies.

This risk is minimised through the annual Treasury Management and Investment Strategy which reflected a level of uncertainty in the year ahead. The Strategy specified the counterparties, the maximum amounts that could be invested with each and the maximum duration of 12 months. Deposits are spread amongst counterparties to further minimise risk as it is unlikely that all counterparties would default at the same time.

No breaches of the Authority's counterparty criteria occurred during the reporting period and the Authority has no evidence to suggest that there will be any losses from non-performance by any of its counterparties.

The Authority's maximum exposure to credit risk in relation to its deposits in banks cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. At the 31 March 2025 the Authority had £3m deposited with the Debt Management Office and £11.734m deposited in Treasury Bills, which are secure Government backed assets. There was also £1.10m deposited in instant access accounts, £22.36m deposited in Money Markets, £12m in notice accounts and £16m in fixed term deposits.

It is considered unlikely that these entities would be unable to meet these commitments, as all of the Authority's investment counterparties are classified as low credit risk. Despite the low credit risk there remains some degree of risk of recoverability. IFRS9 requires restatement of prior year figures, based on expected losses. For the Authority investments with banks, building societies and Money Markets is calculated using historic risk of default percentages provided by the Authority's Treasury Advisors, for 12 month expected losses. All of the Authority's investments are less than 12 months. Trade Debtors always carry some degree of irrecoverability, expected losses are calculated under the simplified approach using a provision matrix with expected values based on historic default. The expected losses calculations as at 31 March 2025 resulted in a total immaterial figure. The CIPFA Code states that "accounting policies need not be applied if the effect of applying them would be immaterial" the effect of the expected losses have therefore not been shown in the accounts.

Apart from the contract to supply services to Eurotunnel which ceased in 2025, the Authority does not receive a significant amount of income for goods and services provided. The amounts outstanding from debtors at the end of the year can be analysed by age as follows:

| All figures are in £'000 | **31 March 2025** |
|---|---|
| Less than three months | 38.5 |
| Three to six months | 0.5 |
| Six months to one year | 0.6 |
| More than one year | 0.3 |
| **Total** | **39.9** |

# Firefighters' Pension Fund Account

## 28. Firefighters' Pension Fund Account

The Authority contracts with Local Pensions Partnership Administration (LPPA) for the day-to-day administration of firefighter pensions. A separate ledger account is maintained for the Firefighters' Pension Fund Account and as there are no investment assets the Fund is balanced to nil each year by the receipt of a top-up grant from central government.

The accounting statement does not take into account liabilities to pay ongoing pensions and other benefits beyond 31 March 2025. Details of the Authority's long-term pension obligations are shown in Note 25 to the Statement of Accounts.

| All figures are in £'000 | 2024/25 Matthews/ O'Brien Remedy | 2024/25 Pension Fund | 2024/25 Total | 2023/24 Pension Fund |
|---|---|---|---|---|
| | | | | |
| **Contributions receivable:** | | | | |
| Fire Authority: | | | | |
| Contributions in relation to pensionable pay | - | -12,052 | -12,052 | -9,105 |
| Early retirement (ill health) contributions | - | -456 | -456 | -439 |
| Interest receivable | - | -24 | -24 | - |
| Other (e.g. non-abatement of pension contributions) | - | -96 | -96 | -125 |
| Firefighters' contributions and interest | -3,874 | -4,607 | -8,481 | -4,225 |
| | **-3,874** | **-17,235** | **-21,109** | **-13,894** |
| Transfers in from other authorities | **-** | **-210** | **-210** | **-137** |
| **Benefits payable:** | | | | |
| Pensions | 5,782 | 27,270 | 33,052 | 24,918 |
| Commutations and lump sum retirement benefits | 3,538 | 7,618 | 11,156 | 5,589 |
| Interest payable | 1,647 | 8 | 1,655 | - |
| Lump sum death benefits | 31 | 92 | 123 | - |
| | **10,998** | **34,988** | **45,986** | **30,507** |
| **Payments to and on account of leavers:** | | | | |
| Transfers out to other authorities | **-** | **800** | **800** | **-** |
| Net amount payable for the year | **7,124** | **18,343** | **25,467** | **16,476** |
| Top- up grant receivable from government | -7,124 | -18,343 | -25,467 | -16,476 |
| | **-** | **-** | **-** | **-** |

# Firefighters' Pension Fund Account

## Firefighters' Pension Fund Net Assets Statement

The statement below identifies the Firefighters' Pension Fund assets and liabilities that are included in the Authority's Balance Sheet.

| All figures are in £'000 | 2024/25 | 2023/24 |
|---|---|---|
| **Current assets:** | | |
| Contributions due from Fire Authority | 43 | 59 |
| Top-up grant receivable from central government | - | 5,562 |
| Other current assets[1] | 13,898 | - |
| **Current liabilities:** | | |
| Unpaid pension benefits | -11,211 | -361 |
| Amount payable to central government | -2,730 | - |
| Other current liabilities[1] | - | -5,260 |
| | **-** | **-** |

1 This reflects the extent to which the Pension Fund Account assets and liabilities impact on the Authority's cash position.

# Glossary of Terms

### Budget

A statement defining the Authority's plans over a specified period of time, expressed in financial terms.

### Billing Authority

The KMFRA is a precepting authority with Medway and Kent District and Borough Councils acting as agents on behalf of the Authority to collect Council Tax and Business Rates (Non-Domestic). These authorities are collectively referred to as billing authorities.

### Capital Expenditure

This is expenditure relating to the provision and improvement of property, plant and equipment assets such as land, buildings and vehicles that have a useful life in excess of one year.

### Capital Receipts

The proceeds arising from the sale of fixed assets that can be used to finance capital expenditure or repay borrowing.

### Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the accounting body that provides accounting guidance to the public sector. The guidance is defined as 'proper practices' and has statutory backing.

### Code of Practice on Local Authority Accounting (the Code)

This is the annual guidance issued by CIPFA that specifies the principles and accounting practices required to give a 'true and fair' view of the financial position, financial performance and cash flow of local authority accounts.

### Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, showing the transactions of the billing authority in relation to Council Tax and Non-Domestic Rates and illustrates the way in which these have been distributed to Preceptors and the General Fund.

### Component Valuation

The Authority has adopted a component valuation approach to valuing property assets. This means that for valuation purposes a building is broken down into its main constituent elements (roof, bay doors, boiler, etc.) and each element is separately valued and its remaining life estimated.

### Current Value

This valuation method recognises the value of an asset for its service potential in its current use.

### Depreciation

Depreciation is the charge made for fixed assets over their useful life, which represents the extent to which the asset has been consumed over the course of the year.

# Glossary of Terms

## Employee Expenditure

This includes the salaries and wages of employees together with national insurance, employer pension contributions and all other pay-related allowances. Training expenses and recruitment costs are also included.

## ESMCP (Emergency Services Mobile Communications Programme)

The Emergency Services Mobile Communication Programme (ESMCP) set up by the Home Office, will replace the current communication service provided by Airwave. The new service will be called the Emergency Services Network (ESN). Through utilising the latest mobile technology in 4G and LTE, ESN will ensure the functionality, coverage, security and availability needs of the UK's emergency services are fully met.

## Fair Value

This is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

## General Fund Balance

The General Fund Balance is the description given in the Code to those reserves held by an Authority that are not earmarked for specific purposes and is more commonly described as the General Reserve.

## Government Grants

Funding that is received from Government that is paid for from its own tax income. Grants may be general or provided for specific purposes.

## Impairment Charge

Where there is a fall in the value of a fixed asset due to a change in economic circumstances or because an event has occurred which has had serious impact on the value of the asset. The extent to which an asset can be used (e.g. a fire) may be impacted and therefore the fall in value is regarded as an impairment and a charge is made to the Comprehensive Income and Expenditure Statement. Like depreciation charges, the impairment charge is only notional, and it does not impact on the amount to be met from Council Tax.

## Infrastructure Plan

The Authority's medium term expenditure plan drawing together all revenue and capital expenditure to invest in and maintain the Authority's property, vehicle, IS/IT and operational equipment assets.

## Intangible Assets

Intangible assets are assets that do not have physical substance but are identifiable and are controlled through custody or legal rights. Expenditure on software or software licences are examples of intangible assets.

## International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS)

These are globally accepted accounting standards which set out the correct accounting treatment for an organisation's financial transactions.

# Glossary of Terms

## MHCLG

The Department Ministry of Housing, Communities and Local Government is the UK Government department for housing, communities and local government in England, formerly the Department for Levelling Up, Housing and Communities (DLUHC)

## Minimum Revenue Provision (MRP)

The amount that the Authority must charge to the revenue account each year for repayment of debt.

## Non-Domestic Rates

Commonly referred to as business rates this income is collected by the billing authorities, and a proportion is paid over to the Authority.

## Net Cost of Services

Comprises all expenditure minus all income (excluding precept, capital grant, and reserve transfers).

## Past Service Pension Costs

This represents the change in the present value of the defined benefit obligation for employee service in prior periods resulting from a pension scheme plan amendment or a curtailment (a significant reduction by the Authority in the number of employees covered by the plan).

## Precept

A Precept is the levying of a rate by one authority which is collected by another. The Kent and Medway Towns Fire Authority precepts upon the Kent District and Medway Council collection funds for its share of Council Tax income.

## Public Works Loans Board

A Government-controlled agency that provides a source of borrowing for public authorities.

## Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for, a related party irrespective of whether a charge is made.

## Revenue Expenditure

Expenditure to meet the continuing cost of services including employee expenses, premises and vehicle running expenses, purchase of materials and capital financing charges.

## Revenue Expenditure Funded from Capital Under Statute

This is expenditure that would ordinarily be regarded as revenue expenditure because it does not give rise to a tangible asset or provide any ongoing benefit to the Authority. As the Government has allowed capital resources to be used to finance this expenditure it is charged to the revenue account, but any capital grant provided will be treated as revenue grant and credited to the revenue account.

# Glossary of Terms

### SECAmb

South East Cost Ambulance Service NHS Foundation Trust is part of the National Health Service.

### Voluntary Revenue Provision

Any additional amounts charged to revenue for the repayment of debt that is in excess of the minimum revenue provision required by statute.

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Item Number: B7

By: Director of Finance

To: Audit and Governance Committee – 25 September 2025

Subject: EXTERNAL AUDITORS' FINAL AUDIT PLAN FOR 2024/25

Classification: Unrestricted

**FOR DECISION**

**SUMMARY**

This report presents the External Auditors' Final Audit Plan for the year ending 31 March 2025 for Members approval. The final plan provides a summary of the key areas that the Auditors are required to assess to ensure compliance with auditing standards.

The scope of the audit is set in accordance with the Code of Audit Practice and the International Standards on Auditing (ISAs) (UK). At the end of their review, the Auditors will provide an opinion on the Financial Statements for 2024/25 in their Audit Findings Report and will also comment on the Value for Money arrangements that are in place in their Annual Report. A representative of Grant Thornton will be attending this meeting to present their Plan for the audit.

**RECOMMENDATION**

Members are requested to:

1. Consider and approve the External Auditors' Final Audit Plan for the year ending 31 March 2025 (paragraphs 2 to 3 and **Appendix 1** refer).

2. Note the External Auditors' Progress and Sector Update Report (paragraph 4 and **Appendix 2** refer).

**LEAD/CONTACT OFFICER**: Director of Finance – Barrie Fullbrook
**CONTACT DETAILS:** T: 01622 692121 / E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS:**
External Auditors Indicative Plan for 2024/25 – 24 April 2025

## COMMENTS

### Background

1. The External Auditor presented their Indicative Audit Plan for the year ending 31 March 2025 for approval at the Audit and Governance Committee meeting in April 2025. At the time, the auditor was unable to provide a Final Audit Plan for 2024/25 as they still had to ascertain the level of work that they would be able to undertake and complete during the planning stage. As such, the Final Audit Plan for 2024/25 is now presented at **Appendix 1** for Members approval. The updated Plan includes a revision to the start date of the audit, which was originally expected to start on 1 September 2025 but has now been delayed until 1 October 2025.

### Audit Plan for 2024/25

2. Attached as **Appendix 1,** for Members' consideration and approval, is the External Auditors' Final Audit Plan for the year ending 31 March 2025. The Plan reflects recommended audit practice and outlines the Auditors' strategy in delivering the audit. The Plan therefore covers the following areas:-

    (a) **Key Developments Impacting the Audit Approach** - Highlights the external factors that need to be considered when undertaking the audit.

    (b) **Introduction and Headlines** - Sets out the risk-based audit approach from an understanding of the Authority's business and identifies the auditing standards under which the audit will take place and the information that Grant Thornton will be expressing an opinion on.

    (c) **Identified Risks** - Considers the significant potential risks with some of the areas of focus being prescribed. The Auditors will examine areas that may be significant in nature and those that have a potential to be misstated in the Authority's Financial Statements.

    (d) **Approach to Materiality Levels** - Details the monetary threshold that the Auditors consider to be material for misstatement purposes and for disclosure requirements, as well as the monetary threshold for differences that are considered trivial in nature, for the purposes of the audit.

    (e) **Information Technology Audit Strategy** - The Auditors are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement.

(f) **Value for Money (VfM) arrangements** - The Auditors explain the approach on which they will assess their Value for Money work for 2024/25, as defined by the National Audit Office Code.

(g) **Logistics** - The Auditors set out their audit timeline and the roles and responsibilities of the Lead Audit Team.

(h) **Audit Fees** - This section sets out the proposed fee for the work the Auditors intend to undertake in reviewing the Financial Statements for 2024/25 and their Value for Money assessment.

3. Once the External Auditors have finished their review of the Financial Statements for 2024/25 and discussed this with officers, they will present their Audit Findings Report to the Audit and Governance Committee. This report will detail any issues arising from the audit and provide their anticipated opinion on the Financial Statements for 2024/25. The Audit Findings Report will usually be reported to the Audit and Governance Committee at its September meeting; however, the external audit will not be completed by this date so the Audit Findings Report will be presented to the Audit and Governance Committee at its meeting in January 2026, alongside the External Auditors' Annual Report which will include their Value for Money conclusion. The Annual Report will then be presented to the full Authority meeting in February 2026.

**Audit Progress Report and Sector Updates**

4. Attached as **Appendix 2**, for Members' consideration, is a report by the External Auditors on progress in delivering their responsibilities as the Authority's External Auditors. This report also includes a series of sector updates in respect of emerging issues which the Audit and Governance Committee may wish to consider.

**IMPACT ASSESSMENT**

5. This paper provides further assurance to Members that the Authority is complying with all the necessary statutory reporting requirements. The external assessment of the Financial Statements and the Value for Money conclusion will involve scrutiny of processes and documented evidence.

**RECOMMENDATION**

6. Members are requested to:

6.1 Consider and approve the External Auditors' Final Audit Plan for the year ending 31 March 2025 (paragraphs 2 to 3 and **Appendix 1** refer).

6.2 Note the External Auditors' Progress and Sector Update Report (paragraph 4 and **Appendix 2** refer).

Grant Thornton

# Final Audit Plan for Kent and Medway Fire and Rescue Authority

Year ending 31 March 2025

25 September 2025

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# 01 Key developments impacting our audit approach

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# Local Audit Reform

## External factors

### Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

### Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector.  For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

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# Local Audit Reform (continued)

## External factors

### Proposals for an overhaul of the local audit system

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

### Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

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# Key developments impacting our audit approach (continued)

## National Position

**Digital Transformation :** The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

**Cybersecurity:** Local government needs to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

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# Key developments impacting our audit approach

| Local Context | Our Response |
| --- | --- |
| The Authority, like all other local authorities, continues to operate within a challenging and uncertain financial environment. Despite the pressures, the Authority continues to have a good record for financial management, with recent budget reports noting healthy cash and reserve positions. | • We will continue to review the position of the Authority within our VFM and year end financial accounts audit procedures. |
| New accounting standards and reporting developments<br>• Authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide. | • Detailed review of the authority's implementation of IFRS 16. More information can be found on the next slides. |

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# Key developments impacting our audit approach (continued)

## Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, has been agreed with the Director of Finance.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.
- We would like to offer a formal meeting with the Chief Executive twice a year, and with the Director of Finance quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Governance Committee, to brief them on the status and progress of the audit work to date.
- Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
- We will continue to provide you and your Audit and Governance Committee with sector updates providing our insight on issues from a range of sources via our Audit and Governance Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.

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# IFRS 16 Leases

## Summary

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

## Introduction

IFRS 16 updates the definition of a lease to:

- "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration." In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

## Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

## Planning enquiries

As part of our planning risk assessment procedures, we will be discussing with management to gain an understanding of the accounting policies and application of the judgements and estimations. We will then use these conversations to inform our year end procedures.

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# 02 Introduction and Headlines

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# Introduction and headlines

## Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Kent and Medway Fire and Rescue Authority ('the Authority') for those charged with governance.

## Respective responsibilities

- The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA). We draw your attention to these documents.

## Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance committee); and we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority's business and is risk based.

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# Introduction and headlines (continued)

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and buildings
- Valuation of net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be **£2.3 million** (PY £2.0 million) for the Authority, which equates to 2.5% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors.

Clearly trivial has been set at **£115,000** (PY £100,000).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks, requiring separate attention. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

## Audit logistics

Our interim visit will take place in March - April and our final visit will take place in September – December 25. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is **£114,405** (PY: £103,585) for the Authority, subject to the Authority delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

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# 03 Identified risks

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# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

"In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK)." (ISA (UK) 315).

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK) 550).

Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

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# Significant risks identified (continued)

| Significant risk | Risk relates to | Audit team's assessment | Planned audit procedures |
|---|---|---|---|
| Management override of controls | Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. | We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement. | • Analyse the journals listing and determine the criteria for selecting high risk unusual journals;<br>• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;<br>• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and<br>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. |
| Valuation of land and buildings | Potential for misstatement in the financial statements due to errors, fraud, or misinterpretation of the valuation of these assets. | The authority revalues high value fixed assets on an annual basis and the remainder of assets on a rolling four yearly basis.<br>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved.<br>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk. | • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;<br>• Evaluate the competence, capabilities and objectivity of the valuation expert;<br>• Write to the valuer to confirm the basis on which the valuation was carried out;<br>• Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;<br>• Test revaluations made during the year to see if they had been input correctly into your asset register; and<br>• Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. |

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# Significant risks identified (continued)

| Significant risk | Risk relates to | Audit team's assessment | Planned audit procedures |
|---|---|---|---|
| Valuation of the pension fund net liability/asset - assumptions applied by the professional actuary in their calculation | The Authority's pension fund net liability (Local Government Pension Scheme and Firefighters' Pension Schemes), represents a significant estimate in the financial statements. | The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£642.9 million in the Authority's balance sheet for 23/24) and the sensitivity of the estimate to changes in key assumptions.<br><br>We therefore identified valuation of the Authority's pension fund net asset/liability as a significant risk. We have pinpointed this significant risk to the assumptions applied by the professional actuary in their calculation of the net asset/liability. | • Update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;<br>• Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;<br>• Assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;<br>• Assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;<br>• Test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;<br>• Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and<br>• Obtain assurances from the auditor of Kent Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. |

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# Significant risks identified (continued)

| Significant risk | Risk relates to | Audit team's assessment | Planned audit procedures |
|---|---|---|---|
| The revenue cycle includes fraudulent transactions | Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue | Under ISA 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.<br><br>Having considered the risk factors set out in ISA240 and nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:<br><br>- There is little incentive to manipulate revenue recognition<br><br>- Opportunities to manipulate revenue recognition are very limited<br><br>- The culture and ethical framework for the Kent and Medway Fire and Rescue Authority mean that all forms of fraud are seen as unacceptable. | We therefore do not consider this to be a significant risk for Kent and Medway Fire and Rescue Authority. |

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# Significant risks identified (continued)

| Significant risk | Risk relates to | Audit team's assessment | Planned audit procedures |
|---|---|---|---|
| The expenditure cycle includes fraudulent transactions | Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure. | We have considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition.<br>We were satisfied that this does not present a significant risk of material misstatement as:<br>- The control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong;<br>- We have not found significant issues, errors or fraud in expenditure recognition in the prior years audits;<br>- Our view is that, similarly to revenues, there is little incentive to manipulate expenditure recognition. | We do not consider this to be a significant risk for Kent and Medway Fire and Rescue Authority. |

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# Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

| Risk | Description | Planned audit procedures |
|---|---|---|
| Going Concern | Due to financial pressures placed upon the sector there is a risk of financial sustainability that we will consider within our work on Going Concern. | We will review managements assessments and disclosures within the 24/25 statements. |

"The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated."
(ISA (UK) 315)

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# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- Where required, we carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
  - issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act);
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

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# 04 Our approach to materiality

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# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

| Matter | Description | Planned audit procedures |
|---|---|---|
| 01 | **Determination**<br>We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements | • We determine planning materiality in order to:<br>– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements<br>– assist in establishing the scope of our audit engagement and audit tests<br>– determine sample sizes and<br>– assist in evaluating the effect of known and likely misstatements in the financial statements |
| 02 | **Other factors**<br>An item does not necessarily have to be large to be considered to have a material effect on the financial statements | • An item may be considered to be material by nature when it relates to:<br>– instances where greater precision is required |
| 03 | **Reassessment of materiality**<br>Our assessment of materiality is kept under review throughout the audit process | • We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality |

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# Our approach to materiality (continued)

| Matter | Description | Planned audit procedures |
|---|---|---|
| 04 | **Matters we will report to the Audit and Governance Committee**<br>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. | • We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.<br>• In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than **£115,000** (PY £100,000).<br>• If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities. |

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

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# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

| | Amount (£) | Qualitative factors considered |
|---|---|---|
| Materiality for the entity financial statements | 2,300,000 | This benchmark is determined as a percentage of the Authorities Gross Cost of Services Expenditure in 2023/24, which has been set at approximately 2.5%. |
| Materiality for specific transactions, balances or disclosures:<br>Senior officer remuneration | 100,000 per officer (non-cumulative) | Due to the importance of this disclosure to stakeholders we have determined a reduced materiality threshold as appropriate. |

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# 05 IT audit strategy

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# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

**The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:**

| IT application | Audit area | Planned level IT audit assessment |
|---|---|---|
| Business World | Financial reporting | • ITGC assessment (design and implementation effectiveness only). |
| iTrent | Payroll and pension contributions | • ITGC assessment (design and implementation effectiveness only). |

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# 06 Value for Money Arrangements

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# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:

### Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.

### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

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# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. To date no risks of significant weakness have been identified from our initial review of arrangements. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:

### Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.

### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

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# Risks of significant weakness in VFM arrangements (continued)

### Initial Risk assessment of the Authority's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified , we will report these to those charged with governance. We set out our reported assessment below:

| Criteria | 2023/24 Auditor judgement on arrangements | | 2024/25 risk assessment | 2024/25 risk-based procedures |
|---|---|---|---|---|
| Financial sustainability | Amber | No significant weaknesses in arrangements identified, but one prior year improvement recommendation in respect of reporting savings delivery carried forward. | At this stage of our VFM planning, we have not identified any risks of significant weaknesses from our initial review work. | As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up the improvement recommendations made in 2023/24. |
| Governance | Green | Our work did not identify any areas where we considered that key or improvement recommendations were required. | At this stage of our VFM planning, we have not identified any risks of significant weaknesses from our initial review work. | As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code. |

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# Risks of significant weakness in VFM arrangements (continued)

| Criteria | 2023/24 Auditor judgement on arrangements | | 2024/25 risk assessment | 2024/25 risk-based procedures |
|---|---|---|---|---|
| Improving economy, efficiency and effectiveness | Amber | No risks of significant weakness reported; three improvement recommendations made that will be followed up. | At this stage of our VFM planning, we have not identified any risks of significant weaknesses from our initial review work. | As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023/24. |

| | |
|---|---|
| Green | No significant weaknesses in arrangements identified or improvement recommendation made. |
| Amber | No significant weaknesses in arrangements identified, but improvement recommendations made. |
| Red | Significant weaknesses in arrangements identified and key recommendations made. |

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

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# 07 Logistics

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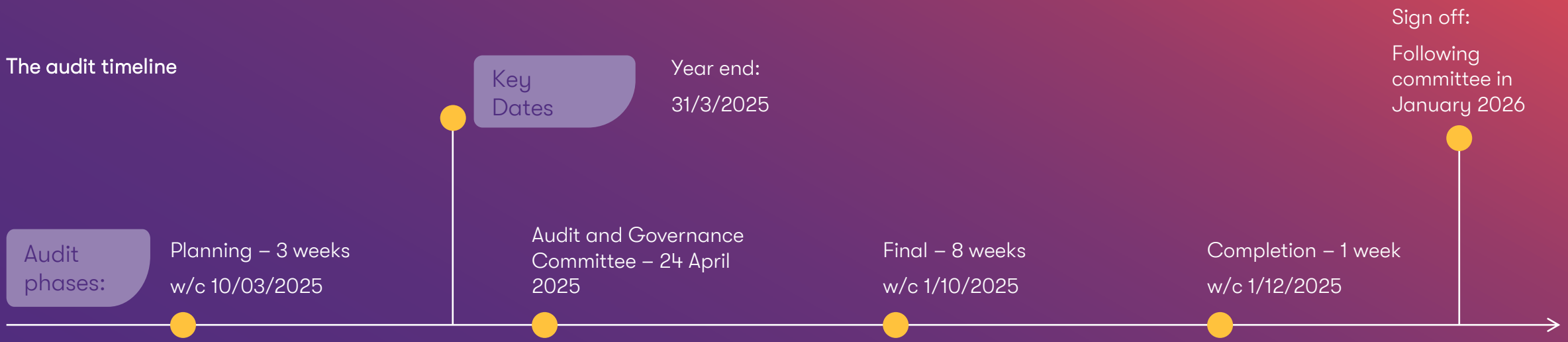
# Logistics

## The audit timeline




### Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit Committee
- Document design effectiveness of systems and processes
- Review of key judgements and estimates

### Key elements

- Issue the indicative Audit Plan to management and Audit and Governance Committee
- Planning meeting with Audit and Governance Committee to discuss the Audit Plan

### Key elements

- Audit team to complete fieldwork and detailed testing
- Weekly update meetings with management

### Key elements

- Draft Audit Findings Report issued to management
- Audit Findings Report meeting with management
- Draft Audit Findings Report issued to Audit and Governance Committee
- Audit Findings Report presentation to Audit and Governance Committee
- Draft Auditor's Annual Report issued
- Finalise and sign financial statements and audit report

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# Our team and communications

## Grant Thornton core team

**Matt Dean**
Engagement Lead

Matt is responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the Audit and Governance Committee , the Chief Executive and the S151 Chief Finance Officer. Matt will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Matt will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit work. Matt will sign your audit opinion.

**George Ellis**
Audit Manager

George is responsible for overall audit management, quality assurance of audit work and output, and liaison with the Audit and Governance Committee, S151, Chief Finance Officer and finance team. George will undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable. George will be responsible for the delivery of our work on your arrangements in place to secure value for money.

**Xavier Thomas**
In-charge

Xavier will support George in his work to ensure the early delivery of audit testing and lead on a number of complex accounting issues. Xavier will perform first reviews of the team's work. In addition, Xavier will also liaise with key members of the finance team to ensure audit testing and reviews are conducted on a timely basis.

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# Our team and communications (continued)

| | Service delivery | Audit reporting | Audit progress | Technical support |
|---|---|---|---|---|
| Formal communications | • Annual client service review | • The Audit Plan<br>• Audit Progress and Sector Update Reports<br>• The Audit Findings Report<br>• Auditor's Annual Report | • Audit planning meetings<br>• Audit clearance meetings<br>• Communication of issues log | • Technical updates |
| Informal communications | • Open channel for discussion | | • Communication of audit issues as they arise | • Notification of up-coming issues that may impact the Authority |

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the In-Charge Accountant and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

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# 08 Fees and related matters

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# Our fee estimate

**Our estimate of the audit fees is set out in the next slide, along with the fees billed in the prior year**

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017 PSAA awarded a contract of audit for Kent and Medway Fire Authority to begin with effect from 2018/19. The scale fee set out in the PSAA contract for the 2024/25 audit is £114,415,.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here Fee Variations Overview – PSAA

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

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# Our fee estimate (continued)

**Our estimate of the audit fees, along with the fees billed in the prior year:**

| Company | Audit Fee for 2023/24 (£) | Proposed fee for 2024/25 (£) |
|---|---|---|
| Authority Audit | 103,585 | 114,405 |
| ISA 315 | 7,058 | Included in Scale Fee above |
| IFRS16 | 0 | 7,500 |
| **Total (Exc. VAT)** | **110,643** | **121,905** |

### Previous year

In 2023/24 the scale fee set by PSAA was £103,585. The actual fee charged for the audit was £110,643.

### Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Authority will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

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# 09 Independence considerations

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# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose there are no matters that we are required to report.

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# Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

| Matter | Conclusions |
|---|---|
| Relationships with Grant Thornton | We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity. |
| Relationships and Investments held by individuals | We have not identified any potential issues in respect of personal relationships with the Authority or investments held by individuals. |
| Employment of Grant Thornton staff | We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas. |
| Business relationships | We have not identified any business relationships between Grant Thornton and the Authority. |
| Contingent fees in relation to non-audit services | No contingent fee arrangements are in place for non-audit services provided. |
| Gifts and hospitality | We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard). |

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

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# 10 Communication of audit matters with those charged with governance

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# Communication of audit matters with those charged with governance

| Our communication plan | Audit Plan | Audit Findings Report |
|---|---|---|
| Respective responsibilities of auditor and management/those charged with governance | ● | |
| Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters | ● | |
| Planned use of internal audit | ● | |
| Confirmation of independence and objectivity | ● | ● |
| A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence | ● | ● |
| Significant matters in relation to going concern | ● | ● |

| Our communication plan | Audit Plan | Audit Findings Report |
|---|---|---|
| Views about the qualitative aspects of the Authority's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures | | ● |
| Significant findings from the audit | | ● |
| Significant matters and issue arising during the audit and written representations that have been sought | | ● |
| Significant difficulties encountered during the audit | | ● |
| Significant deficiencies in internal control identified during the audit | | ● |
| Significant matters arising in connection with related parties | | ● |
| Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements | | ● |
| Non-compliance with laws and regulations | | ● |
| Unadjusted misstatements and material disclosure omissions | | ● |

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# Communication of audit matters with those charged with governance (continued)

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

**Respective responsibilities**

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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# 11 Delivering audit quality

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# Delivering audit quality (continued)

## Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

### Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

### Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

### Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

## How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

## The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

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# Delivering audit quality

## Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

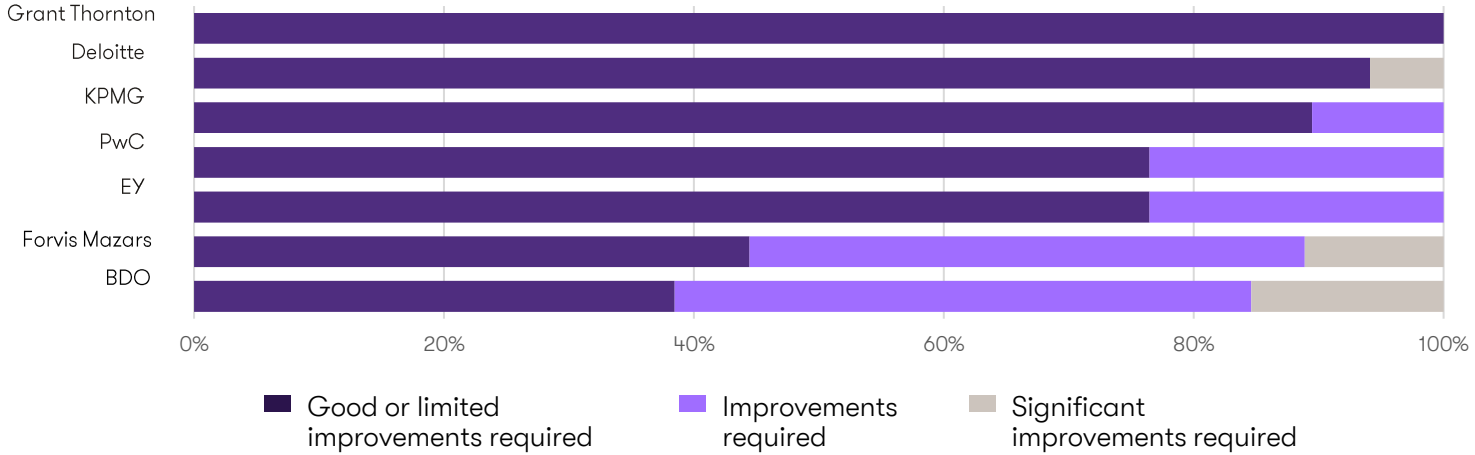
## Oversight and control

Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

*Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.*

**Wendy Russell**
**Partner, UK Head of Audit**

**FRC's Audit Quality Inspection and Supervision Inspection**
**(% of files awarded in each grading, in the most recent report for each firm)**

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# 12 Appendices

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# Escalation Policy

## The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

## Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

### Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

### Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

### Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding.

### Step 4 - Escalation to the Audit and Governance Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

### Step 5 – Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

## Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

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# IFRS reporters New or revised accounting standards that are in effect

**First time adoption of IFRS 16**

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

**IAS 1 amendments**

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

**Amendment to IAS 7 and IFRS 7**

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

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# IFRS reporters Future financial reporting changes

## IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

## Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

## IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

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# The Grant Thornton Digital Audit – Inflo

## A suite of tools utilised throughout the audit process

### 01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

**What you'll see**

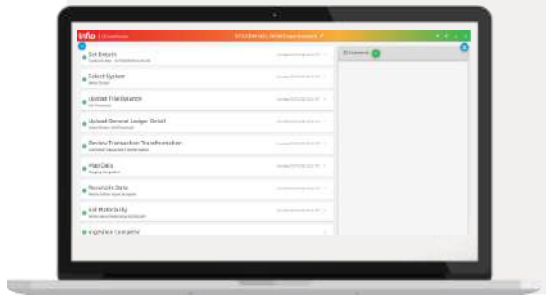
- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

### 02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

**What you'll see**

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system



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# The Grant Thornton Digital Audit – Inflo (continued)

## A suite of tools utilised throughout the audit process

**03** Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

### What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement

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Grant Thornton

# Kent and Medway Fire and Rescue Authority

Audit progress report and sector updates

September 2025

# Agenda


| | | |
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| 4 | Audit deliverables | 07 |
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# Audit Progress Report

# Introduction

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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications: https://www.grantthornton.co.uk/industries/public-sector/local-government/

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

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# Progress at September 2025

## Financial Statements Audit

- **Audit planning stage**

We undertook our initial planning work during March and April. In April we presented our indicative plan, setting out our identified risks, planning material and scope of proposed procedures for the 24/25 financial statements audit. We note that we have now finalised our plan which is to be shared alongside this report at this committee meeting, whereby we have not identified any additional risks to communicate.

- **Fieldwork stage**

We begin our audit fieldwork visit in October, with work planned for completion by December. In July, we worked closely with management for a week to complete the key reconciliations and reviews such as the trial balance to accounts and key notes to supporting workings, as well as selecting some initial samples. To date, we have no matters to report from the work completed.

- **Completion stage**

We look to present our final Audit Findings Report to the committee on 29 January 2026. Alongside this, we intend to give our audit report that details our opinion.

## Value for Money

Our 24/25 VFM work has progressed well with our draft Auditors Annual Report (AAR) now being shared with management. This work has not identified significant weaknesses, or key recommendations and we will look to present our final AAR to the committee in January 2026.

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# Progress at September 2025 (cont.)

## Other areas

Upon receipt of the notification from the NAO, confirming that the Comptroller & Auditor General had completed his work on Whole of Government Accounts for 2023/24, we have now issued the certificate for the 23/24 audit, thus formally closing those accounts.

## Events

On 4th June 2025 we hosted a webinar on devolution and local government re-organisation, and lessons learned from our 2023/24 Value for Money audits. The recording can be accessed here: Audit committee webinar.

The next event taking place shortly will be:

❖ 27th January 2026 – webinar providing updates on managing local authority debt; and on preparing for local government reorganisation.

Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

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# Audit Deliverables

## Below are some of the audit deliverables planned for 2024/25

| 2024/25 Deliverables | Planned Date | Status |
|---|---|---|
| **Audit Plan**<br>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2024/25 financial statements. | Indicative – April 2025<br>Final – September 2025 | Indicative – Issued April 2025<br>Final – Issued alongside this report in September 2025 |
| **Audit Findings Report**<br>The Audit Findings Report will be reported to the Audit and Governance Committee. | January 2026 | Not yet due |
| **Auditors Report**<br>This includes the opinion on your financial statements. | January 2026 | Not yet due |
| **Auditor's Annual Report**<br>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements. | Draft – September 2025<br>Final – January 2026 | Draft – issued to management<br>Final – Not yet due |

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# Sector Updates

# Lessons from 2023/24 auditors' annual reports

## Recommended reading for Audit Committees:

In August 2025, we published a review of 100 Auditors' Annual Reports (AARs) produced by Grant Thornton for our local government audited bodies across England. This represents about a third of all councils in the country. The AARs offer a wealth of insights on what works, and what doesn't, when it comes to value for money and governance.

The reports in our sample showed that financial sustainability remains the major challenge for the majority of councils. Poor governance has led to some councils depleting their reserves and others incurring excessive borrowing, which current government policies around exceptional financial support and statutory override for dedicated schools grant deficits are not helping.

Common challenges for councils include gaps in risk management; high vacancy rates in internal audit; de-centralised contract management; under-supported project management; and the need for stronger, timelier data on performance. For Councils with Housing Revenue Accounts, there are also significant challenges with identifying, costing and managing high volumes of backlog repairs and maintenance work needed to meet regulatory standards.

However, with this being the second year of reporting on lessons from AARs, we also charted notable examples of cases where arrangements have been strengthened since 2022/23, yielding benefits. As well as good practice questions and reminders, the report includes case studies showing better: Control over transformation planning; approach to internal audit; project management; key performance indicator reporting; and rightsized workforce.

AAR findings in August 2025 can be compared to those from one year earlier by accessing the two years of full reporting here:

Lessons from 2023/24 auditors' annual reports

Lessons from recent auditor's annual reports

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# Financial Instruments in Local Government Accounts (1)

### Recommended reading for Audit Committees:

Financial instruments are contracts that give rise to a financial asset for one party and a financial liability or equity instrument for another. In local government, these include a wide range of arrangements such as cash, loans, trade receivables and payables, pooled investments, financial guarantees, and more complex instruments like derivatives or loans with embedded features.

These instruments are governed by accounting standards and can significantly influence how an Authority/council's financial position and performance are presented in the accounts. Proper identification and treatment of these instruments are essential to ensure that financial statements reflect the true nature of the authority's financial commitments and exposures.

The accounting for financial instruments is not just a technical exercise. It has real implications for financial planning, risk management, and public accountability. Misclassification or incorrect measurement can lead to material misstatements, unexpected financial impacts, or audit challenges. Financial instruments can affect key areas such as the General Fund, usable reserves, and statutory reporting.

Ensuring that these instruments are correctly accounted for supports transparency, compliance with professional and statutory requirements, and the safeguarding of public resources.

We have recently released a thought leadership report, "Local authority accounting: Avoiding pitfalls in financial instruments" which covers financial instruments in detail.

Our full report includes insight about some of the potential pitfalls relating to financial instruments that can occur in local authority accounts. In addition, each section includes a range of challenge questions for authorities to consider.

The table on the next page highlights key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions that Audit Committee members may wish to raise with management.

The full report is available here:

Local authority accounting: Avoiding pitfalls in financial instruments | Grant Thornton

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# Financial Instruments in Local Government Accounts (2)

Key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions for Audit Committees to ask:

| Area of Focus | Description | Challenge Questions |
|---|---|---|
| Identification | Proper identification ensures that all relevant instruments are captured in the financial statements and assessed for risk and impact. While some items like loans and investments are obvious, others may be less visible. | • How have you ensured that all financial instruments, including less obvious or complex arrangements, have been identified? What controls are in place?<br>• Have any new or unusual arrangements been reviewed for potential financial instrument implications? |
| Classification | Financial instruments must be classified based on how they are managed and the nature of their cash flows. Classification determines how movements are reported in the financial statements and can influence the volatility of reported results. | • What process is followed to determine the classification of financial instruments, and how do you ensure that the classification reflects the nature of the financial instrument, including both business purpose and characteristics?<br>• Have any instruments been classified differently this year, and if so, why? |
| Measurement | Once identified and classified, financial instruments must be measured appropriately. Measurement affects reported balances and income, and errors can lead to misstatements. | • What valuation methods are used for financial instruments, and how are they validated? Were any experts required during this process?<br>• Do changes in assumptions or market conditions require remeasurement? |
| Disclosure | Disclosures help users of the financial statements understand the nature, significance, and risks of financial instruments. Disclosures should be tailored to your specific circumstances, avoiding unnecessary complexity or boilerplate language. | • How do you ensure that disclosures are tailored to reflect the authority's specific financial instruments and risks, and are any additional disclosures required for unusual or complex financial instruments, or for particular risks?<br>• Are disclosures complete, clear, and free from unnecessary detail? |
| Other Considerations | Other considerations include soft loans, capital treatment of financial assets, statutory overrides, and the requirement to make prudent revenue provisions (MRP) for certain losses. These adjustments can have a direct impact on financial planning and budget setting. | • Have all relevant statutory overrides and adjustments been correctly applied and disclosed, and what impact have these adjustments had on the General Fund or other usable reserves?<br>• Are expected credit losses / impairments reflected in the financial strategy? |

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# Reorganisation update

### Key reorganisation dates for Audit Committees to be aware of:

Key dates that Audit Committees need to be aware of for Councils other than Surrey (whose deadline was 9th May 2025) are listed below. :

26th September 2025: Deadline for areas in the Devolution Priority Programme to submit final proposals for reorganisation.

28th November 2025: Deadline for all other areas to submit final proposals for reorganisation.

### Comments from Unison for Audit Committees be aware of, June 2025:

Reorganisation "poses a risk for thousands of local government jobs. Crucial services on which some of society's most vulnerable people rely could also be disrupted". The union called for workers to be protected and for the support of residents and staff to be engaged.

August 2025: Lessons from 202324 auditors annual reports

Among the 100 AARs we reviewed in August 2025, were eight AARs for relatively new unitary authorities formed during or since the local government reorganisation of 2019. Our report analyses recommendations made to these councils in 2023/24 for insights that will be useful to others as they embark on their reorganisation journey.

### Other recommended materials to support Audit Committees:

September 2024: Learning from the new unitary councils

March 2025: Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton

June 2025: Audit committee webinar

May 2025: We also directly shared a technical briefing on reorganisation with statutory officers in May 2025. Audit Committees can obtain a copy of the briefing note now from their Section 151 officer, or from their Audit Engagement Lead or Audit Manager.

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# Other structural changes

Key information for Audit Committees to be aware of:

## Multi-year allocations – 11th June 2025

The Spending Review on 11th June 2025 committed to multi-year allocations through the upcoming 2026/27 Local Government Finance Settlement. An assessment of each council's needs and resources was also committed to.

Spending Review 2025 (HTML) - GOV.UK

Additional information on the Spending Review and Fair Funding Review can be seen on pages 14 and 15 of this update.

## Simplified local structures – 24th June 2025

The Minister of State for Housing, Communities and Local Government announced on 24th June 2025 that Councils with a committee system will be required to transition to a leader and cabinet model. He also announced a ban on creating new directly elected council mayors.

Written statements - Written questions, answers and statements - UK Parliament

## Pensions pooling – 11th August 2025

Seven Council pension funds announced plans to join the Border to Coast pool on 11th August 2025. The government has committed to allow some "limited flexibility" to other administering authorities looking for new asset pools (moving away from Access and Brunel) but does expect all to conform as closely as possible to the 31 March 2026 deadline for meeting new minimum standards set for asset pooling.

Pension Investment Review Final Report

## English Devolution and Community Empowerment

The English Devolution and Community Empowerment Bill was presented to the House of Commons and given its first reading on 10th July 2025; and its second reading on 2nd September 2025. With ayes of 365 and noes of 164 on 2nd September, the Bill now moves to Committee stage.

English Devolution and Community Empowerment Bill

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# The Spending Review

## Key questions for Audit Committees to ask officers:

- Have we calculated what impact the Spending Review will have on the assumptions in our medium-term financial plan?
- If the impact is negative, what mitigation is planned?

## Background:

The Spending Review on 12th February 2025 did not directly address local government debt (other than that in some cases exceptional financial support increases the debt). However, the Spending Review did provide an additional £3.3 billion of grant funding in real terms for local authorities in 2028/29 compared with 2023/24. This included:

- Over £4 billion of funding available for adult social care in 2028-29 compared to 2025/26.
- £555 million to help more children stay with their families; and £560 million, between 2026/27 and 2029/30, to refurbish and expand children's homes and foster care placements.
- £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026/27 to 2035/36.
- £100 million for a new community partnership approach to spending on adults with complex needs.

The Spending Review also announced a new £3.25 billion Transformation Fund to support the reform of public services so that they are focused on prevention, including for special educational needs and disability and homelessness.

The intention is that investment in digital technology and artificial intelligence transformation programmes will drive productivity improvements and help to deliver the government's missions.

Spending Review 2025 (HTML) - GOV.UK

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# Fair Funding Review 2.0

### Key questions for Audit and Governance Committee to ask officers:

- What impact do we expect the Fair Funding Review to have on our medium-term financial plan?
- Have we calculated what level of support we will need from transitional arrangements?
- What mitigations are we planning if we don't receive transitional support?

### Background:

Between June and August 2025, the government ran a public Fair Funding Review consultation on how it should implement Fair Funding Review 2, including on how the local government grant system should be made fairer and how transitional arrangements should work.

Under the Fair Funding Review, significant changes to the grant funding system for English local government are now expected to take effect on 1st April 2026, for the 2026/27 financial year. It is expected that grant funding will be allocated to English local authorities using a three-part system, consisting of an assessment of relative need, based on socio-economic indicators; an area costs adjustment; and a resource assessment, measuring the capacity of each council to raise council tax.

It is expected that:

- There will be no further retained business rates revenue;
- Recent spending on social care and deprivation will influence the formula; and
- There will be reduced funding for Councils with higher capacity to raise council tax.

The new methodology will apply to the Revenue Support Grant, which will also swallow up several other smaller grants that Councils currently receive.

Because the existing system has been untouched for many years, and because no new money will accompany the review, there are likely to be some very large changes to some councils' funding allocations.

The Local Government Information Unit recently argued that "in many ways (the changes) will start to put England back onto its pre-2013 footing"; and a three-year transitional period has been proposed.

Nevertheless, the changes are going to be difficult for some Councils to absorb, especially those that already have other issues with their financial sustainability.

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# Public procurement

## Key questions for Audit and Governance Committee to ask officers:

- How much do we currently spend per annum on contracts with small and medium-sized enterprises and voluntary, community and social enterprises?
- Do we test whether our suppliers pay their creditors within appropriate timescales?
- Which outsourced services, if any, have we assessed to test whether outsourcing is still the best solution?

## Background:

Between June and September 2025, the government consulted on public procurement. With an estimated £385 billion spent through public procurement every year, the consultation is intended to support implementation of the new National Procurement Policy Statement.

Cabinet Office

Proposals that are being consulted on include:

- Mandating large contracting authorities with procurement spend over £100 million per annum to publish their own 3-year target for direct spend with small and medium-sized enterprises and voluntary, community and social enterprises; and report against it annually;
- excluding suppliers from bidding for major contracts (over £5 million per annum) if they cannot demonstrate they pay their invoices within an average of 60 days;
- requiring contracting authorities to make a standard assessment before procuring a major contract to test whether service delivery should be inhouse or outsourced;
- mandating contracting authorities to carry out a public interest test prior to making a sourcing decision on major service contracts; and
- requiring contracting authorities to publish the results of the public interest test in the tender notice.

The government states that the proposals will “open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy”.

For a full understanding of the proposals that were put forward, follow this link: Public Procurement: Growing British industry, jobs and skills

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# Future Webinars for Audit Committee members

We plan to hold a webinar for members of Audit Committees on 27th January 2026. Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Areas our webinar will help with include:

Managing debt:
Understanding the true level of debt across all sources;
Assessing the viability of plans for debt repayment;
Understanding and assessing current and future exposure to risk; and
Best practice for managing debt.

Local government reorganisation:
Understanding and anticipating outcomes from the latest submissions;
Managing change whilst waiting for decision announcements; and
Preparing for next steps after decision announcements.

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# Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards
https://www.gov.uk/government/publications/public-sector-internal-audit-standards

Code of Audit Practice for local auditors (NAO):
https://www.nao.org.uk/code-audit-practice/

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):
https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

Risk Management Guidance / The Orange Book (UK Government):

https://www.gov.uk/government/publications/orange-book

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition

Delivering Good Governance in Local Government

https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition

Financial Management Code

https://www.cipfa.org/fmcode

Prudential Code

https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition

Treasury Management Code

https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition

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Item Number: B8

| | |
|---|---|
| By: | Chair of Audit and Governance Committee |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | CHAIR OF AUDIT AND GOVERNANCE COMMITTEE'S ANNUAL REPORT TO THE AUTHORITY |
| Classification: | Unrestricted |

**FOR DECISION**

## SUMMARY

This report summarises the work undertaken by the Audit and Governance Committee throughout the year demonstrating to the Authority its effectiveness in assessing and maintaining the organisation's internal control environment and governance arrangements.

Throughout the year, Committee Members received specialised training and presentations designed to enhance knowledge and understanding but also help Members gain assurance across the breadth of work within the remit of the Committee. Over the year, the Committee reviewed numerous reports and provided recommendations to the Authority.

## RECOMMENDATION

Members are requested to:

1. Agree the contents of this report which is to be presented to the next Authority meeting in October 2025.

**LEAD/CONTACT OFFICER:** Director of Finance – Barrie Fullbrook
**CONTACT DETAILS:** T: 01622 692121 / E: kmfraclerk@kent.fire-uk.org
**BACKGROUND PAPERS:** None

## COMMENTS

### Background

1. The Audit and Governance Committee was established in February 2021, following approval by the Authority. It was agreed that an Audit and Governance Committee would be established to support and enhance key aspects of good governance. Its function and operation align with clear guidance and recommended best practice from the Chartered Institute of Public Finance and Accountancy (CIPFA).

2. Audit Committees are a key component of any authority's governance framework and provide a high-level resource to support good governance and robust public financial management. The Audit and Governance Committee provides independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing both internal and external audit the Committee makes an important contribution to ensuring that effective assurance arrangements are in place.

3. This annual report covers the Audit and Governance Committee's work from November 2024 to September 2025. During this period, the Committee held three meetings (excluding the current one) in November 2024, January 2025, and April 2025. These meetings are timed to review key aspects of work during the financial year focusing on Governance, Risk and Control, Internal Audit, External Audit, and Financial Reporting.

### Audit and Governance Committee

4. The Committee has ten members, is independent from the full Authority and meets three times annually. Throughout the year, Cllr Vince Maple has served as the Committee's Chair and Cllr Barry Kemp has served as Vice-Chair. Key attendees at Committee meetings include the Chief Executive, the Director of Finance, the Director of Prevention, Protection, Customer Engagement and Safety, and the Director of Response and Resilience, as well as both External and Internal Auditors.

5. Training is crucial for an effective Audit Committee, so this year Committee Members received; fraud awareness training from the Counter Fraud team at Kent County Council, an economic update and benchmarking presentation on the Authority's treasury activity from the Authority's external Treasury Advisor at MUFG, and training on the new Global Internal Audit Standards and Members' roles and responsibilities from the Internal Audit Manager at Kent County Council. Additionally, in preparation for the September 2025 meeting, Committee Members received training from CIPFA on Local Authority Accounts.

6. The Committee has developed a structured work programme which maps out its activities on an annual basis.

**Governance, Risk and Control**

7. The Audit and Governance Committee received a mid-year update on the Corporate and Strategic Risk Register, building on an initial report in April 2024 which introduced a more detailed approach to risk management, including identification, reporting, risk tolerance, and risk appetite. The Committee continues to monitor and review progress against actions for strategic risks, with the mid-year update presented to the Committee in January 2025.

8. The Committee reviewed the Authority's Treasury Reports, receiving a benchmarking presentation from the Authority's external Treasury Advisor at MUFG. This provided assurance that the Authority's investments were within acceptable risk profiles in comparison to other Fire Authorities, and its debt profile was in a better position than most comparators. Committee Members also reviewed the Mid-Year Treasury report and Treasury Management Provisional Outturn report for 2024/25, recommending both for approval by the full Authority at its February 2025 and July 2025 meetings, respectively.

9. The Authority's Anti-Fraud and Corruption Framework underwent a thorough review, which included utilising the Fighting Fraud and Corruption checklist. This process provided assurance that the Authority has robust controls to detect and prevent fraud and corruption. Additionally, the Committee approved the two-year Anti-Fraud and Corruption Plan (2025-2027), outlining the Authority's upcoming initiatives to sustain a strong anti-fraud culture within the Service.

10. The Head of Policy presented a report on the annual review of the Code of Corporate Governance. This report confirmed that the Authority's governance arrangements align with the seven principles of good governance, which are based on the Seven Principles of Public Life. The Authority is required to conduct an annual review of its governance arrangements, a task which is undertaken by the Audit and Governance Committee on its behalf. This process results in the production of an Annual Governance Statement (AGS), which is reviewed by the Committee and subsequently signed by both the Chair of the Committee and the Chief Executive.

**Internal Audit**

11. The Internal Audit Service, provided by Kent County Council, is overseen by the Audit and Governance Committee. At the start of the year the Committee approved the Internal Audit Plan for 2024/25 which detailed the specific audits to be conducted throughout the financial year.

12. The Committee monitors performance against the plan through progress reports at each meeting, supplemented by verbal updates from the Internal Audit Manager, who attends the Committee meetings. The Internal Audit Annual Report for 2024/25 was presented to the September 2025 Audit and Governance Committee for review and consideration.

**External Audit**

13. The Audit and Governance Committee is responsible for approving the External Auditor's Annual Audit Plan. This plan, presented by Grant Thornton at the April 2025 meeting, outlines their proposed work programme and fee, based on the initial fees set by Public Sector Audit Appointments Ltd (the independent company set up by Government to oversee the procurement process).

14. To assist with the External Audit Risk Assessment, Officers are now required to provide details of processes concerning fraud, compliance with laws and regulations, related parties, an assessment of the Authority as a "Going Concern" and the Authority's accounting estimates. This document was reviewed by the Committee at its April 2025 meeting.

15. The Committee has been regularly updated on the Government's proposals aimed at resolving the issues impacting Local Authority external audits and the timely sign-off of Financial Statements.

**Financial Reporting**

16. The Committee has received and considered, the draft Financial Statements for 2024/25 as approved by the Director of Finance. In addition, a summary version of the Financial Statements was produced, and Officer's provided a presentation to the Committee on the key areas of the Financial Statements.

**Effectiveness of the Audit and Governance Committee**

17. This is the fourth year that the Audit and Governance Committee has been operating and during that time specialist knowledge has continued to grow and develop, largely due to the ongoing training provided. This enhanced expertise has enabled the Committee to focus in more detail in key areas of activity within its remit. As a result, the Authority can effectively demonstrate its commitment to best practices by applying relevant guidance.

18. This report summarises the work completed between November 2024 and September 2025, demonstrating that the Committee is functioning in line with best practices and providing independent assurance of the Authority's governance arrangements.

## IMPACT ASSESSMENT

19. This update provides further assurance for Members that the Authority has robust governance arrangements in place.

## CONCLUSION

20. Members are requested to:

    20.1 Agree the contents of the report which is to be presented to the next Authority meeting in October 2025.

Item Number: C1

| | |
|---|---|
| By: | Director of Finance |
| To: | Audit and Governance Committee – 25 September 2025 |
| Subject: | MID-YEAR TREASURY MANAGEMENT AND INVESTMENT UPDATE 2025/26 |
| Classification: | Unrestricted |

**FOR INFORMATION**

**SUMMARY**

This report provides a mid-year update on the Authority's treasury management activities for 2025/26. It details the treasury activity undertaken and provides an assessment of compliance with the agreed Prudential Indicators. This update is a requirement of the Treasury Management and Investment Strategy 2025/26, which was approved by Member's at the Authority meeting on 18 February 2025, and is set in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code.

In line with CIPFA guidance, the Authority continues to prioritise security and liquidity over potential yield. The Bank of England's Monetary Policy Committee recently voted to cut the Base Rate for the fifth time in a year, bringing it to 4.0% from 4.25% in its August 2025 meeting. Consequently, the Authority has recently seen interest rates on deposits reduce across the board. For the first five months of this financial year average cash balances have been approximately £64.99m, which has resulted in an interest yield of £1.083m for that period against an annual budget of £1.594m.

**CONCLUSION**

Members are requested to:

1. Note the contents of this report.

**LEAD/CONTACT OFFICER:** Head of Finance, Treasury and Pensions – Nicola Walker
**CONTACT DETAILS:** T: 01622 692121 / E: kmfraclerk@kent.fire-uk.org

**BACKGROUND PAPERS:**

Draft Revenue and Capital Budgets 2025/26 and MTFP 2025-29 – 18 February 2025
Appendix 4 – Annual Treasury Management and Investment Strategy 2025/26

## COMMENTS

### Introduction

1. The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure but there is often a timing difference between when cash is received and when expenditure is incurred. As part of its treasury management operations, this cash flow must be adequately planned, with surplus monies being invested in low-risk counterparties, to ensure sufficient funds are available to meet anticipated cash expenditure before any other consideration is given to optimising investment returns.

2. Another key requirement of the treasury management function is to ensure that the necessary cash is available, when needed, to meet the agreed commitments set out in the Authority's Capital Plan, whether that's by using the Authority's own cash balances or by undertaking new external borrowing. Hence, effective treasury management and proactive cashflow planning are essential to enabling the Authority to meet its capital and infrastructure spending commitments.

3. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

### Economic Outlook

4. The Bank of England's Monetary Policy Committee (MPC) cut the Base Rate to 4.00% at its August meeting after voting to maintain the rate at 4.25% in June. Expectations are that the Base Rate will remain at 4.00% until the end of 2025.

5. **Inflation** - Consumer Price Inflation (CPI) rose from 3.6% in June to 3.8% in July, with the Bank of England warning that food prices could drive inflation to 4% in the coming months. Core Consumer Price Inflation (CPI without energy and food) also increased to 3.8% in July 2025, up slightly from the 3.7% in the 12 months to June 2025.

6. **Interest Rate Forecast** – Interest rates on deposits with counterparties are lower than those of a year ago, but as the Base Rate has been cut at a slower pace than expected it has meant that interest rates available from counterparties have remained higher for longer than anticipated when the budget was approved by Members in February 2025. This, along with slippage on the capital programme and an additional unexpected government grant in relation to the Matthew's pension case means that the current forecast for investment income for 2025/26 is £2.567m against a budget of £1.594m. The Authority's Treasury Advisor, MUFG Pension & Market Services, has provided the following interest rate forecasts:

| MUFG Corporate Markets Interest Rate View 11.08.25 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 | Mar-28 | Jun-28 | Sep-28 |
| BANK RATE | 4.00 | 4.00 | 3.75 | 3.75 | 3.50 | 3.50 | 3.50 | 3.50 | 3.25 | 3.25 | 3.25 | 3.25 | 3.25 |
| 3 month ave earnings | 4.00 | 4.00 | 3.80 | 3.80 | 3.50 | 3.50 | 3.50 | 3.50 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 |
| 6 month ave earnings | 4.00 | 3.90 | 3.70 | 3.70 | 3.50 | 3.50 | 3.50 | 3.50 | 3.30 | 3.30 | 3.40 | 3.40 | 3.40 |
| 12 month ave earnings | 4.00 | 3.90 | 3.70 | 3.70 | 3.50 | 3.50 | 3.50 | 3.50 | 3.30 | 3.40 | 3.50 | 3.60 | 3.60 |
| 5 yr PWLB | 4.80 | 4.70 | 4.50 | 4.40 | 4.30 | 4.30 | 4.30 | 4.20 | 4.20 | 4.20 | 4.20 | 4.10 | 4.10 |
| 10 yr PWLB | 5.30 | 5.20 | 5.00 | 4.90 | 4.80 | 4.80 | 4.80 | 4.70 | 4.70 | 4.70 | 4.70 | 4.60 | 4.60 |
| 25 yr PWLB | 6.10 | 5.90 | 5.70 | 5.70 | 5.50 | 5.50 | 5.50 | 5.40 | 5.40 | 5.30 | 5.30 | 5.30 | 5.20 |
| 50 yr PWLB | 5.80 | 5.60 | 5.40 | 5.40 | 5.30 | 5.30 | 5.30 | 5.20 | 5.20 | 5.10 | 5.10 | 5.00 | 5.00 |

(PWLB – Public Works Loan Board is a statutory body of the UK Government that provides loans to public bodies)

## Treasury Management Strategy and Annual Investment Update

7. The Treasury Management Strategy (TMS) for 2025/26 was approved by the Authority on 18 February 2025. This report reflects the current position of the Authority's deposits, which are in line with the Treasury Management Strategy. The appropriate Prudential Indicators can be found at paragraph 14 within this report.

8. The table below shows the forecast of funds available for investing, reflecting the expectation that the balance reduces over the year. Depending on how projects progress the investment balance often changes which can result in a higher level of funding being available for depositing with the agreed counterparties.

| **Table 1 Reserves and Balances**<br>**Reserves and Balances** | **2024/25 Forecast £'000** | **2024/25 Outturn £'000** | **2025/26 Budget £'000** | **2025/26 Revised £'000** |
|---|---|---|---|---|
| General reserve | 4,680 | 4,680 | 4,890 | 4,890 |
| Earmarked reserves | 31,416 | 36,655 | 23,622 | 26,430 |
| Insurance & General Provision | 773 | 494 | 494 | 494 |
| Capital Receipts | 8,931 | 8,647 | 7,307 | 7,022 |
| **Total Core Funds** | **45,800** | **50,476** | **36,313** | **38,836** |
| Working Capital (Deficit)/Surplus | - 3,566 | 18,625* | -3,566 | 21,625* |
| Under-borrowing | - 5,341 | - 3,722 | -13,361 | - 12,823 |
| **Expected Investments** | **36,893** | **65,379** | **19,386** | **47,638** |

*The Authority saw a significant increase in its working capital surplus during 2024/25 and 2025/26. This was primarily due to additional unexpected grants received from the government relating to the Matthew's pension case.

**Investment Portfolio**

9. The Authority's primary goal is to safeguard its capital, ensure sufficient liquidity, and achieve a return that aligns with the Authority's risk appetite. Since March 2025, returns on deposits had been gradually decreasing, in line with the Bank of England's reductions in the Base Rate.

10. The Authority held £81.054m of deposits as of 29 August 2025 (£66.189m on 31 March 2025). This increase in cash balances is primarily due to funding being received in advance of expenditure being incurred e.g. the Pension Fund top-up grant is paid to the Authority in July each year but associated expenditure will continue to be incurred throughout the remainder of the financial year. A breakdown of the Authority's actual deposits and the average interest rates on 31 March 2025 are compared to actual deposits and actual interest rates as at 29 August 2025 in the table below:-

| **Table 2**<br>**Investments and Average Interest Rates** | **As At 31.03.25** | | **As At 29.08.25** | |
|---|---|---|---|---|
| | **Total Investment (£000's)** | **Average Interest Rate** | **Total Investment (£000's)** | **Average Interest Rate** |
| Debt Management Office (Including Treasury Bills) | 11,734 | 4.44% | 17,757 | 4.16% |
| RBS Group: Royal Bank of Scotland & NatWest | 100 | 2.75% | 5,100 | 3.97% |
| Barclays Bank plc | 5,000 | 4.65% | 5,000 | 4.05% |
| DMADF | 3,000 | 4.45% | 8,947 | 3.95% |
| HSBC | 7,000 | 4.40% | 7,000 | 3.90% |
| Standard Chartered Bank | 5,000 | 4.41% | 5,000 | 4.09% |
| Lloyds Bank | 7,000 | 4.54% | 7,000 | 4.32% |
| Landesbank Hessen-Thueringen Girozentrale | 5,000 | 4.96% | 2,000 | 4.62% |
| Aberdeen Liq. Fund | 5,000 | 4.48% | 5,000 | 4.03% |
| Aviva Investors Liq. Fund | 5,000 | 4.57% | 5,000 | 4.11% |
| Goldman Sachs Liq. Reserves | 5,000 | 4.43% | 5,000 | 4.00% |
| HSBC Liq. Fund | 5,000 | 4.42% | 3,250 | 3.97% |
| BlackRock Liq. Fund | 2,355 | 4.42% | 5,000 | 4.00% |
| **Totals** | **66,189** | **4.52%** | **81,054** | **4.08%** |

11. **Compliance with Treasury and Prudential Limits** - The Director of Finance confirms that the approved limits were within the Annual Investment Strategy and that there is no expectation that these will be breached. All treasury management operations have been conducted in full compliance with the Authority's Treasury Management Practices.

## Borrowing

12. The Authority's capital financing requirement (CFR) for 2024/25 is £3.959m. The CFR denotes the Authority's underlying need to borrow for capital purposes. Currently, the Authority's surplus cash balances have been utilised in lieu of externally borrowing for this amount. This is a prudent and cost-effective approach in the current economic climate.

13. The latest forecast for the CFR for 2025/26 is £13.069m which reflects the forecast spend on the Ashford Live Fire project which is currently being funded by internal borrowing, at least for the short term, until such time as interest rates on borrowing have reduced.

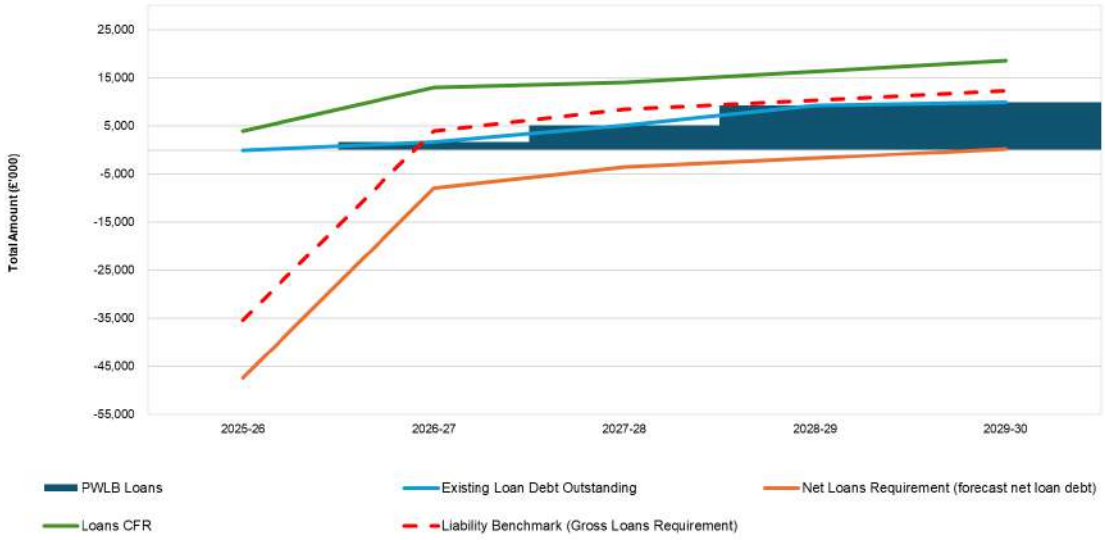
## Prudential Indicators

14. A summary of the Prudential Indicators agreed at the Authority meeting in February 2025 are detailed below and shown against the 2024/25 outturn figures and revised projections for 2025/26.

| **Table 3**<br>**Prudential Indicators for affordability, prudence and capital expenditure** | **2024/25 Outturn £'000** | **2025/26 Budget £'000** | **2025/26 Revised Budget £'000** |
|---|---|---|---|
| Revenue Expenditure | 93,951 | 98,232 | 98,232 |
| Revenue Provision for debt repayment | 1,295 | 1,295 | 1,295 |
| Capital expenditure | 5,852 | 13,677 | 14,994 |
| CFR as at 31 March | 3,959 | 13,548 | 13,069 |
| Total loans outstanding as at 31 March | 0 | 50 | 50 |
| Ratio of Financing Costs to Net Revenue Stream | 1.41% | 1.32% | 1.32% |
| | | | |
| **Treasury Indicators** | | | |
| Assumed Operational Boundary for external debt | 23,500 | 38,500 | 38,500 |
| Assumed Authorised Limit for external debt | 27,500 | 42,500 | 42,500 |
| Interest rate exposure for borrowing at fixed rates | 100% | 100% | 100% |
| Interest rate exposure for borrowing at variable rates | 20% | 20% | 20% |
| Interest rate exposure for investing at fixed rates | 100% | 100% | 100% |
| Interest rate exposure for investing at variable rates | 100% | 100% | 100% |

15. **Debt Liability Benchmark:** is a projection of the amount of loan debt outstanding that the Authority needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows.

16. As shown in the graph below, there will be a need to undertake new external borrowing within the next year if anticipated costs and planned works are as expected.




## IMPACT ASSESSMENT

17. All financial implications associated with servicing the Authority's loans can be contained within the overall budget.

## CONCLUSION

18. Members are requested to:

    18.1 Note the contents of this report.

# INTERNAL AUDIT PROGRESS REPORT
# September 2025

Author: Russell Smith, KMFRA Chief Audit Executive
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QA: Jonathan Idle, KCC Head of Internal Audit & Counter Fraud

# 1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place, within the Authority, is effective and supports Audit and Governance Committee in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within Kent and Medway Fire and Rescue Authority (KMFRA) that are most at risk of impacting on the KMFRA's ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Audit and Governance Committee and Management with summaries of 1 completed piece of work between April and September 2025.

# 2. Key Messages

- 1 audit has been finalised in the period reported. **Appendix A**
- 87% of the 2025-26 Audit Plan is either in planning or fieldwork stage.
- Audit definitions relating to opinions and issue priorities are detailed in **Appendix B**
- Internal Audit Performance for the period is detailed in **Appendix C**


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# 3. 2025/26 Internal Audit Plan Progress

This report also provides an update on the work completed between April and September 2025. The Audit Plan progress is slightly below target however; there are no material concerns at this point in delivery of the Audit Plan by 31 March 2026 as all audits have commenced. The audit summaries are provided at **Appendix A**.

Graph 1 – Internal Audit Plan Progress

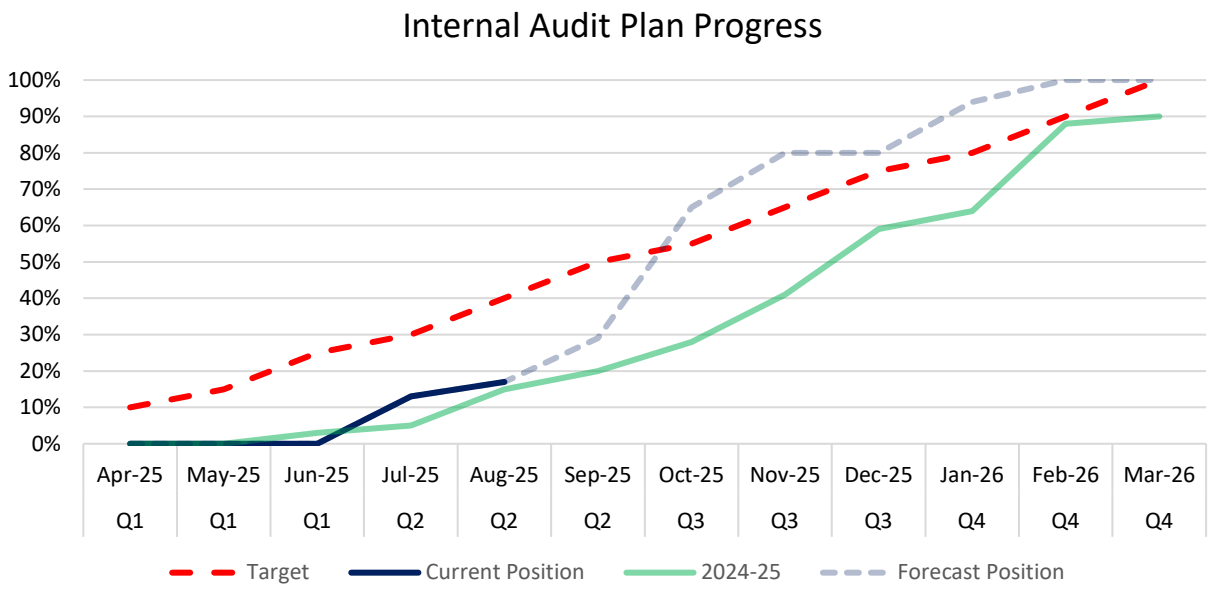


Table 1- Audit Plan Status

| Status | Number of Audits | % |
|---|---|---|
| Not Started | 0 | 0% |
| Planning | 6 | 75% |
| Fieldwork | 1 | 12.5% |
| Draft Report | 0 | 0% |
| Final Report | 1 | 12.5% |
| Removed | 0 | 0% |
| Total | 8 | |


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**Table 2** below provides an update on our progress against the 2025/26 Audit Plan:

| Ref | Audit | Quarter | Status | Assurance Opinion | Prospects for Improvement | Reported to Members |
|---|---|---|---|---|---|---|
| FS01 | Procurement | Q1 | Complete | HIGH | VERY GOOD | September 2025 |
| FS02 | Ethical Standards | Q1 | Planning | | | |
| FS03 | Targeted Education Programme | Q2 | Fieldwork | | | |
| FS04 | ICT – Supply Chain Security | Q2 | Planning | | | |
| FS05 | Recruitment | Q3 | Planning | | | |
| FS06 | Grant Income | Q3 | Planning | | | |
| FS07 | Resource Management at Stations (Crew & Resource Allocation) | Q4 | Planning | | | |
| FS08 | Channel Tunnel | Q4 | Planning | | | |

| Assurance Level | No | % |
|---|---|---|
| High | 1 | 100% |
| Substantial | 0 | 0% |
| Adequate | 0 | 0% |
| Limited | 0 | 0% |
| No | 0 | 0% |

| Prospects for Improvement | No | % |
|---|---|---|
| Very Good | 1 | 100% |
| Good | 0 | 0% |
| Adequate | 0 | 0% |
| Uncertain | 0 | 0% |

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## 4. Counter Fraud

There have been no reported frauds or irregularities since 01 April 2025.

## 5. Performance Indicators - 2025-26 Performance & 2021 to March 2026 Action Plan Performance

As part of the Service Level Agreement between KCC and KFRS, Performance Indicators are in place to measure both the performance of Internal Audit and the timeliness of officers' responses to audit plans and reports. Current performance in relation to the performance indicators is given in **APPENDIX C**. Two performance indicators (% completion of Annual Plan and % completion of actions due) are reported at year end only.

Agreed Draft Report dates have not been achieved for audits that have been completed to date. Improvement actions on performance against this indicator will be included within the action plan for the Quality Assurance and Improvement Programme (QAIP) which will be reported as part of the Annual Opinion Report.


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## FS01-2025 – Procurement and Commercial

| | |
|---|---|
| **Audit Opinion** | **HIGH** |
| **Prospects for Improvement** | **VERY GOOD** |

### Introduction

As part of the 2025/26 Internal Audit Plan, it was agreed that Internal Audit would review Procurement and Commercial, and also follow-up of the outstanding training issue within Internal Audit report FS03-2021 Contract Management, dated 13/09/2021, and to reference the Purchasing review FS09-2024 Management Letter dated 21st August 2023, to determine whether the process risks had been minimised.

Summary findings

KFRS are compliant with the Procurement Act 2023 and the Procurement and Commercial Team had defined roles which included category specialists within their structure, who's role was to support and advise the internal customers on suitable procurement routes.

There is an Anti-fraud and bribery Policy, Plan and Framework in place together with an Anti Money-Laundering Policy; the Tier 1 and 2 policies, procedures had been recently revised. The Team training programme was found to be up to date, and there were plans to deliver further bite-sized training to extended colleagues.

The contracts register is made available for the public to view; there were now procurement strategies, based on pipeline plans, current and emerging procurement needs, and a detailed analysis to assist with obtaining best value for money from contracts and suppliers.

The working contract register and pipeline contained records of contract details, changes and terminations; dates of Service Level Agreements (SLA), and Memorandums of Understanding (MOU) were also recorded.

For transparency, analysis of transactional spend, and the proportion and value of Self-Service Procurement (SSP), by Directorate, was carried out and reported regularly.

The Auditor considered that the control environment had been improved, to include the 8-step process, category strategies and reports; the previous Internal Audit report actions together with their associated risks could now be considered closed.

### Key Strengths

**Legislation, regulations and Procurement Service Order**

- ✓ A procurement gap-analysis spreadsheet and self-assessment informed officers how KFRS complied with Procurement Law, what controls were in place and described any further actions
- ✓ Revised policies, procedures and controls were aligned to the Procurement Act 2023.

**Roles and responsibilities**

- ✓ An officer scheme of delegation was in place. Evidence on a contract variation showed that this was abided by.

**Policies and procedures**

- ✓ Tier 1 and Tier 2 Policies and Procedures were found to be simplified and contained an eight-step process which directed colleagues to the Category and Procurement Leads for support and approval.
- ✓ Policies, plans and framework were in place; engagement had taken place with the KCC IACF Counter-Fraud Team with workshops planned. An anti money-laundering policy was in place.

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# FS01-2025 – Procurement and Commercial

**Training objectives / skills matrix**

✓ Recruitment of people with a minimum of CIPS level 4 Diploma; an Ops learning tracker showed that the Team training programme for the period 2024/25 for 13 out of 15 colleagues was found to be complete.

**Contract Monitoring**

✓ There was a Contract Management Toolkit which contained comprehensive guidance to colleagues; bite-sized and basic training packages had been developed to roll out with the revised Tier1 and Tier2 Policies and Procedures.

**Contracts register and Pipeline**

✓ The Kent County Council procurement portal was used by the Authority. An extract of the KFRS contracts register was published on-line for public transparency.

✓ The Procurement Pipeline, and a working copy of the Contracts Register provided insight to the Authority's future requirements.

**Pooling resources**

✓ The example of category analysis of existing ICT spend and suppliers, future ICT requirements and emerging ICT trends was of a high standard.

✓ Self Service Procurement (SSP) was effectively being monitored and reported on by Director and area of responsibility and the Procurement Category Lead. Transactional spend was also shared across KFRS.

✓ Changes to existing contracts were by formal Change Control Notice (CCN). Logs of contract changes and those terminated were maintained, together with expiry details of contracts, SLA's and Memorandum of Understanding (MOU).

**Areas for Development**

- No areas for development identified.

**Follow-up**

The Procurement and Commercial Audit included review of 2 outstanding actions relating to previous audits (FS01-2021 – Contract Management and FS09-2024 – Purchasing Review).

Internal Audit found that all management actions identified had been implemented.

| Ref | Audit | Issue | Risk Rating | Status |
|---|---|---|---|---|
| FS03-2021 | Contract Management | Contract Management Responsibilities | High | Implemented |
| FS09-2024 | Purchasing Review | Policies & Procedures | Advisory | Implemented |

**Prospects for Improvement**

Prospects for Improvement is rated as **Very Good** based on the following factors:

| Leadership/ Capacity | Adequacy of Action Plans | Implementation Record | External Factors |
|---|---|---|---|
| Very Good | Very Good | Very Good | Good |

**Summary of Management Responses**

| | No. of Issues Raised | Mgt Action Plan Developed | Risk Accepted & No Action Proposed |
|---|---|---|---|
| High Risk | 0 | NA | NA |
| Medium Risk | 0 | NA | NA |
| Low Risk | 0 | NA | NA |

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# Appendix B - Definitions

## Audit Opinion

| | |
|---|---|
| **High** | **Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.**<br><br>**Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.**<br><br>**There are examples of best practice. No significant weaknesses have been identified.** |
| **Substantial** | **Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.**<br><br>**Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.** |
| **Adequate** | **Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.**<br><br>**There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.** |
| **Limited** | **Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.**<br><br>**Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.** |
| **No Assurance** | **Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.**<br><br>**Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved** |


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## Prospects for Improvement

| | |
|---|---|
| **Very Good** | There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives. |
| **Good** | There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives. |
| **Adequate** | Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives |
| **Uncertain** | Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives. |

## Issue Risk Ratings

| | |
|---|---|
| **High** | There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved. |
| **Medium** | There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives. |
| **Low** | There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low. |


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# Appendix C – Internal Audit & Counter Fraud Key Performance Indicators

## Internal Audit & Counter Fraud

| No | Indicator | Target Performance | Performance to Date |
|---|---|---|---|
| 1 | Engagement Plan to be issued 2 weeks prior to commencement of audit fieldwork | 90% | 100% |
| 2 | Verbal feedback to be provided within one week of completion of audit fieldwork | 100% | 100% |
| 3 | Draft Reports to be issued by the date specified in the Engagement Plan | 90% | 0% |
| 4 | Final Report to be issued within 5 working days of receiving management response | 90% | 100% |
| 5 | % Completion of Annual Internal Audit Plan @ 31 March 2026 | 90% | N/A |

## Kent Fire and Rescue

| No | Indicator | Target Performance | Performance to Date |
|---|---|---|---|
| 1 | Agreement of Engagement Plan to be provided prior to fieldwork start date | 100% | 100% |
| 2 | Response to Draft Report and Action Plan to be provided within 10 working days of issue | 90% | 100% |
| **Performance against 2021 – March 2026 Issues** | | | |
| 3 | Actions plans in response to High and Medium Priority issues raised to be implemented within agreed timescales | 90% | 100% |


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